

OVERSEAS MOVING
BY MICHAEL GERSON
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WORLD NEWS

Ravenscroft closure row spreads

The future surrounding Scottish Secretary Malcolm Rifkind and the threatened closure of the Ravenscroft steel mill spread further as widespread differences emerged within the Conservative Party.

Ministers rebuffed accusations that, by deplored British Steel's announcement, Mr Rifkind had isolated himself from his Cabinet colleagues.

Government scientists in Ulster are examining the body of the second cat said to have developed symptoms of a nervous disorder similar to "mad cow disease." Page 4

PM to meet de Klerk
Premier Margaret Thatcher will encourage South African President F. W. de Klerk to press on with the abolition of apartheid when they meet in Britain today. Page 4

UN ambassador
Sir David Hannay, 54, British ambassador to the UN for the past five years, has been appointed ambassador to the United Nations. Page 4

Ivory demand falls
Worldwide demand for ivory has fallen sharply and as a result elephant poaching is expected to decline.

Talks on US bases
US and Philippines are to continue talks on the future of US military bases after Filipino delegates accepted American promises to work for increased aid to their country.

EC hope for Austria
Austrian Foreign Minister Alois Mock said he hopes his country can join the European Community as early as 1994.

Manila aircraft crash
A twin-engine commuter aircraft crashed into a house near Manila airport killing 21 people aboard and a family of four on the ground.

French speed record
A French train broke its own world speed record for the third time in two weeks, at 515.3 kph (320.2 mph). Page 3

S Korean clash
Thousands of South Korean protesters clashed with riot police following a rally to mark the suppression by the army of a 1980 popular uprising in which 200 died. Page 2

Ivory Coast gives in
Ivory Coast has met all demands of military recruits who have blocked roads, occupied a radio station and closed the country's main airport to press their case for higher pay and longer military service.

Fight call to Liberians
Liberian President Samuel Doe appealed to all Liberians, even old men, to use any weapons they could find to fight rebels poised to topple him.

Reason for Berlin
Former US President Ronald Reagan, who challenged Soviet leader Mikhail Gorbachev to tear down the Berlin Wall, will travel to Berlin next month to see its ruins.

Greek history complaint
Greek Deputy Prime Minister Tassios Tsamirakidis complained to EC arts ministers that a new history of Europe sponsored by the Commission made insufficient reference to ancient Greece.

Garden Festival opens
The Princess Royal opened the Gateshead Garden Festival, built on 200 acres of derelict industrial land.

BUSINESS SUMMARY

Atlantic staff attack B&C in letter

Staff at Atlantic Computers attacked British & Commonwealth Holdings, the collapsed computer company's stricken parent, in a letter drafted by unnamed members of Atlantic's corporate management complaining about "apparent bias" in recent media reports.

TAIWAN stock market index fell 510 to 7,416.96, its lowest level since April last year.

PAN AM, US airline, said it was considering selling its East Coast shuttle service. The sale could raise \$360m (£207m).

SIEMENS of West Germany and Italian-French SGS-Thomson group, two of Europe's largest semiconductor makers, are discussing proposals for collaboration. Page 23

SOVIET UNION: Export credit agencies from over 30 countries are considering a formal approach to the Soviet authorities about ways of dealing with that country's growing import payment delays. Page 23

JAPAN: money supply grew last month by 18.2 per cent, highest year-on-year rate of increase since 1978. Page 2

THAILAND will liberalise foreign exchange controls to help Bangkok develop as a regional financial centre. Page 2

WORLD BANK and donor nations increased aid to Papua New Guinea by \$250m to \$710m (£428.6m). Page 3

NHS: More than half of National Health Service administration staff will be hit by a 7.7 per cent pay offer. Page 5

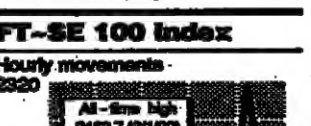
NIKON, Japanese camera manufacturer, part of Mitsubishi group, achieved pre-tax profits for the year to March of ¥20.5bn (£182.7m), an 8.7 per cent increase. Page 19

INVESTOR: Sven-Olov Johansson, property developer, has bought 50,000 shares in Walser, Newbury Investments company, his second blow to the family after forcing them to buy his 22 per cent stake in Sea-Scania. Page 10

BOND BREWING Holdings, part of Alan Bond's empire, appeared to be moving to a settlement with a banking syndicate led by National Australia Bank (NAB) to which it owes A\$60m (£288.7m). Page 10

UK EQUITIES: A week of soaring prices on London's financial markets left some market makers with large losses.

FT-SE 100 index



The FT-SE 100 share index closed down 15.3 on the day at 2,280.1, leaving it 93.2 points, or 4.3 per cent, above last week's close. Page 23, Lex

ELIDERS UK: John Elliott is to retire as chief executive but will remain chairman of both Eliders and Bardin Holdings, the private company which owns 55.8 per cent of Eliders. Page 10

COMPAGNIE DU MIDI, holding company controlled by France's Axa insurance group, to sell Entrepôts et Magasins Généraux de Paris, which owns a portfolio of warehousing in Paris and Marseille, for FF1.2bn (£244m), one of its property holdings for FF1.2bn to Magnant, a shell holding company. Page 10

Superpowers progress in talks on arms reduction

By Our Foreign Staff

SIGNIFICANT progress appears to have been made towards agreeing an arms control treaty for signature at the forthcoming superpower summit in talks between Mr James Baker, US Secretary of State, and Soviet leaders in Moscow yesterday.

Mr Edward Shevardnadze, the Soviet Foreign Minister, and Mr Baker reported progress in five hours of talks between themselves and Mr Mikhail Gorbachev, the Soviet leader.

The discussions, which were continuing last night, were designed to pave the way for the signing of the strategic arms reduction (START) treaty at the US-Soviet summit at the end of the month.

Speaking after the first round of talks, Mr Shevardnadze said he always believed

the US and Soviet Union could meet the target they set at last year's Malta summit by agreeing the main points of a reduction treaty.

"We are moving in that direction," he said at an award ceremony for a US citizen who helped save victims of the 1988 Armenian earthquake. "We did a lot. We accomplished a lot today," he said. "Major progress has been made, so we didn't work in vain."

The Soviet Foreign Minister also said big advances had been made on a chemical weapons accord under which the two superpowers would commit themselves to a timetable for destroying 90 per cent of their poison gas stocks.

The statements by Mr Baker and Mr Shevardnadze were far the most optimistic to emerge in recent weeks sug-

gesting that the superpowers stood a good chance of announcing an outline agreement when Mr Gorbachev meets President George Bush in Washington on May 21.

US officials had earlier said the talks were not going well and Mr Baker might have to stay in Moscow beyond this morning's scheduled departure.

Mr Baker's decision to go ahead with a planned news conference today was also seen as indicative that agreement was in sight.

START was originally designed to cut superpower arsenals of strategic missiles by 50 per cent. However, exceptions have been written into the treaty that will make the real cuts more in the range of 30 per cent to 35 per cent. Negotiations recently became

stalled on how to deal with air and sea-launched cruise missiles.

In an attempt to overcome these differences, Mr Baker first met alone President Gorbachev and Mr Shevardnadze for 2½ hours yesterday. Then the three joined arms control experts for a further hour before convening for a second session alone.

The other important issue covered at the talks was the Baltic republics push for independence supported by Washington but resisted by Moscow.

Mr Baker went straight from his talks with President Gorbachev to meet Mrs Kazimiera Prunskiene, Lithuanian Prime Minister. Lithuania under pressure to freeze independence, Page 23; Soviet payment delays, Page 23

Spending freeze bewilders forces

By David White, Defence Correspondent

A TEMPORARY spending freeze by the Ministry of Defence is causing growing bewilderment in the armed forces, just as work on structural changes is coming to a head.

Senior officers said the moratorium - affecting new purchases, recruitment of civilian staff and overtime - was so badly handled that the Ministry's Office of Management and Budget (OMB), which looks after financial planning and allocation of resources, was being nicknamed "the Office of Muddle and Bungle."

As an example of the first consequences of the squeeze, a service swimming-pool at Portsmouth had been closed for use by families outside working hours. The moratorium meant nobody could be taken on to supervise the pool in the evening and at weekends to replace an attendant, who had broken his leg.

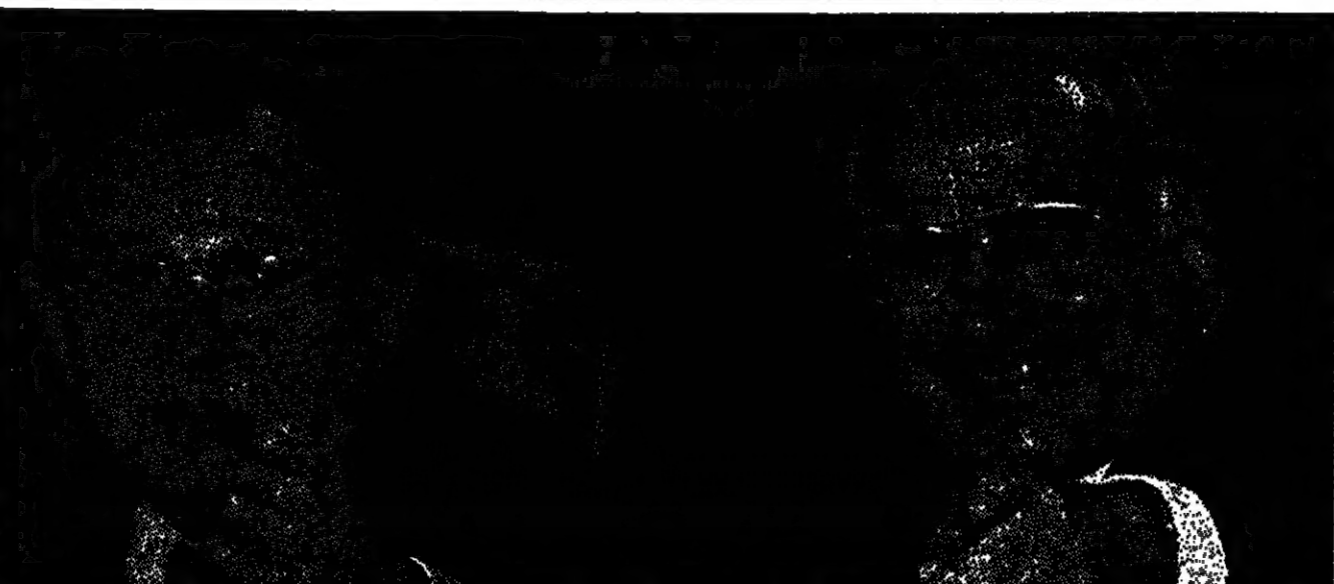
More seriously, officers voiced concern about a worsening shortage of clerical employees. "Without an effective staffing system, you are pretty hard pushed to operate," one said. "It simply means they have lost control of civil expenditure. If this were a city or a major company, the financial directors would have been sacked," said another.

The measures are among the most unpopular since Mr Archie Hamilton, Minister of State for the Armed Forces, banned service Christmas parties in West Germany two years ago in the wake of a US military air crash in which six German civilians were killed.

The freeze ordered by Mr Tom King, the Defence Secretary, who was returning yesterday from the Soviet Union, is to last five or six weeks while the ministry decides how to trim £350m of spending from its plans for this financial year. The cut is to compensate for the effects of higher-than-expected inflation.

Industry representatives were first told a week ago that most new procurement contracts were being put on hold. This includes an embargo on works contracts.

The trimming exercise coincides with secret internal studies on future options for UK defence commitments. An initial summary of these options is now expected to be ready in June or July. Continued on Page 22



Chancellor Kohl (right) and his Foreign Minister Hans-Dietrich Genscher point to Mr Waigel at the treaty signing

Treaty brings union of Germanys closer

EAST AND WEST Germany yesterday moved closer to unity when they signed a treaty which will introduce the D-Mark and the writ of the Bundesbank into East Germany from the start of July, writes David Marsh in Bonn.

As the treaty was initiated in Bonn, Mr Helmut Kohl, the West German Chancellor, and Mr Lothar de Maizière, the East German Prime Minister, promised that a free united Germany would spur European integration.

It had taken just over a month to negotiate the accord which will bring West Germany's monetary, fiscal and legal system into the East German state. That move, said Mr de Maizière, would make unity "irreversible." The accord has to be

ratified by both countries' parliaments in the next six weeks.

The two heads of government drank sparkling wine on the terrace of the Bonn's Palais Seldenburg - a tranquil scene in sharp contrast to East German worries about the arrival of the D-Mark.

Mr Theo Waigel, and Mr Walter Romberg, the West and East German Finance Ministers, signed the treaty at the former's office in Bonn. Konrad Adenauer, it was in the Schanzenberg palace, official office of the Chancellor until 1964, that Adenauer made innumerable declarations on German unity during the 1950s.

In 1973 at the palace the East Berlin and Bonn Governments signed their Basic Relations Treaty, establishing "good

neighbourly relations" between them - a treaty which appeared to seal division indefinitely.

Mr Kohl said yesterday's monetary treaty was the "first step" to end "45 painful years of division of the fatherland." It was "a dream come true", although the way forward would be hard.

Mr de Maizière referred to the apprehension in East Germany by saying he was "astonished" that there was more concern than hope about the entry of the D-Mark. The East Germans would be better off, not worse-off, he said.

He drew applause when he said Germans should stop referring to each other as "easterners" and "westerners," and think of themselves as one people.

Private company plans airport for Sheffield alongside M1

By Paul Abraham

A £100m airport and business park is to be built at Sheffield by Budge Mining, part of the A.F. Budge Investments company, a private company based in Redford, Nottinghamshire.

Budge Mining plans to open the airport, which will have a short take-off and landing runway, in the summer of 1993. It will be built on a former industrial site and provide 3,500 jobs.

The development will be funded privately. Much of the capital is being provided by income from an open-cast coal mine on the site which will be exploited until 1992 when construction work on the development is due to start.

Budge Mining says cash-flow will also be supplied by the 1m sq ft business park to be built on the site next to the M1 motorway.

Sheffield airport will be operated by Airports UK, a subsidiary of BAA, formerly the British Airports Authority, which already runs airports at Southampton, Southend, Exeter and Biggin Hill. It believes the

scheme will be able to take advantage of the expected rapid growth of European air travel.

It says the site, which is about three miles from Sheffield, will be able to draw passengers from airports at Manchester, Leeds/Bradford and East Midlands. The airport should handle 50,000 passengers in its first year, building up to 300,000 within five years. It expects the airport to make an operating profit by 1998.

The developers expect little opposition to the scheme which has already received outline planning permission.

They point out that the site

was previously wasteland and already noisy. The runway will run parallel to the M1 motorway.

The project will also provide much needed jobs in an area which has high levels of unemployment.

It has received the support of both the Sheffield Development Corporation and the council at neighbouring Rotherham.

Mr Hugh Sykes, Sheffield Development Corporation chairman, said: "This is what the region's business community has been waiting for - an ultra-modern airport on its doorstep."

He added: "Until we launched this initiative, Sheffield was the largest city in Europe without its own airport. Now it will be able to assume its rightful place as a centre of manufacturing and commercial excellence."

Mr Colin Sewell-Butler, Airports UK managing director, said the airport would be primarily for business people, using aircraft like British Aerospace 146s and Fokker 50s.

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OVERSEAS NEWS

Money supply boosts Japanese inflation fears

By Stefan Wagstyl in Tokyo

JAPAN'S money supply grew last month by 13.2 per cent, the highest year-on-year rate of increase since 1976, renewing concern about inflation.

Investors in the Tokyo stock market were somewhat unsettled by the news announced yesterday and the Nikkei index closed down 47.88 points at 32,013.72, shedding a 140-point gain secured earlier in the day.

Fears that expansion of the money supply might be fueling land price rises were reinforced by a Japan Real Estate Institute report showing that property prices in six cities, including Tokyo and Osaka, rose by 17.1 per cent in the six months to end-March, the highest rate since 1978.

Tokyo trying to say 'sorry' to Seoul

By Robert Thomson in Tokyo

THE JAPANESE Government was yesterday seeking a way of saving face while appeasing South Korean demands for a formal apology for Japan's colonisation of the Korean peninsula early this century.

Mr Roh Tae Woo, the South Korean President, is due in Tokyo next week, and expects frank apologies from Mr Toshiki Kaifu, the Japanese Prime Minister, and Emperor Akihito, but Japanese politicians argue that the emperor is forbidden from becoming involved in political disputes.

Members of the ruling Liberal Democratic Party suggested yesterday that the problem could be solved by an informal, "off-the-record" apology by the emperor or by asking the speaker of the House of Representatives to make an apology along with Mr Kaifu.

But an informal comment by the emperor is unlikely to satisfy the South Korean public, which wants an unambiguous

same month last year, lower than expected.

Domestic prices, which are not affected by the decline in the yen, rose by 0.7 per cent compared with April last year.

Announcing the money supply figures, the Bank of Japan said the total was distorted by special factors, including the launch of grants for local authorities to cover their sales tax payments, and an inflow of funds into banks from deposits not covered by the money supply figures — including those held at the post office.

Nevertheless, analysts said the final figure was higher than the central bank had expected. Over the last few days, the bank has been anxious to dispel hopes in the financial markets that Japanese interest rates might come down soon. Yesterday's figure will strengthen its case.

Sphinx presents new riddle for conservationists

After a 30kg chunk fell off its right shoulder, the fight is on to save the 4,600-year-old monument, reports Tony Walker

PUT the poor Sphinx. In nearly 5,000 years standing guard over the approaches to the Great Pyramid the imposing sculpted model of a half-man half-lion has suffered all manner of indignities.

The mythical creature has had holes bored in its buttocks, it has been buried in shifting desert sand, defaced by vandals, used for target practice by Napoleon's troops, and more recently the ravages of time and encroaching settlement have eaten away at its weathered flanks and face.

Throughout the ages the strange Pharaonic figure has posed a silent mocking riddle to legions of Egyptologists who have come to study the mysteries of its creation. But these days a different breed of expert has descended on the desert home of the Sphinx on the Giza plateau, 15 kilometres west of Cairo.

Their concern is not so much with the past as with the future. Their expertise lies not in the arcane world of Egyptology, but in the modern scientific study of aerodynamics, chemical change in rocks, the effects of pollution and the dangers posed by vibrations caused by overflying aircraft.

These experts, who will attend to the Sphinx with as much care as a team of heart surgeons might an ailing member of the Kremlin leadership, have come to save from further rapid deterioration what Sayed Tawfik, chairman of the Egyptian Antiquities Organisation, described this week as "the greatest symbol of our heritage".

Their first step was to attach a computerised two-metre-long weather station to the body of the Sphinx to monitor even the most minute effects of climatic change on the 4,600-year-old monument.

The weather station will transmit data about temperature, wind direction and speed, condensation, the cor-



The Egyptian antiquity has deteriorated more in the last 50 years than the previous 50 centuries say experts

rosive effects of salt on the body of the beast and the dangers posed by other pollutants such as carbon monoxide from car exhausts. All this data will go directly into a computer located nearby to build up a complete picture over a year of all the forces at work on the crumbling monument.

Funded by the Getty Conservation Institute in co-operation with the Egyptian Antiquities Organisation, the study will try to solve the modern riddle of the Sphinx: how to preserve it for posterity. Time for this task is short, it seems, when measured

against the lifespan of this ageless symbol of an ancient civilisation.

As Dr Tawfik said when outlining the need for the conservation effort: "The Sphinx has deteriorated more in the last 50 years than in all the previous centuries of its existence combined."

Experts blame a range of factors for the accelerating deterioration, including the effects of atmospheric and underground pollutants from overpopulated Cairo which has sprawled out towards the Giza plateau, threatening to engulf the Sphinx and the Py-

mids.

But, perhaps surprisingly, no detailed study and master-plan for the preservation of the monument has been produced in spite of concern over many centuries about its survival. All complacency was dispelled, however, in early 1988 when a 30kg chunk fell from the Sphinx's right shoulder.

The chairman of the Egyptian Antiquities Organisation was sacked, experts were summoned to advise and previous conservation efforts were ridiculed, including an ill-conceived

job in the early 1980s which involved coating the Sphinx with large stones and mortar. The cement, in fact, ate into the permeable limestone body, making things worse.

One of the main problems facing conservationists is the poor quality of the 50 million-year-old rock from which the Sphinx is carved. It comprises three sedimentary layers of limestone, and while the head is relatively stable, the body is soft, and crumbling.

A persistent concern has been that the enlarged and distinctive head of the 20-metre high creature will simply fall away from the body, but a UNESCO team insists that preliminary tests show that the head and shoulders are secure.

Getty Foundation experts are confident that even if they cannot solve the riddle of preserving the Sphinx for ever more, they can at least slow its deterioration. "While the Sphinx is perhaps the most famed, and by far the most accurately documented and sculpted monument of the ancient world, there has never been a co-ordinated effort to methodically quantify and examine the variety of factors that affect it," said Mr Frank Freusser, co-director of the Getty conservation team.

While we cannot completely stop the natural processes that contribute to its deterioration, we can slow them down considerably. The greatest challenge facing the team is to identify protective measures that are sensitive to the aesthetic and historic integrity of the Sphinx.

UNESCO experts yesterday suggested building a wall up to six metres high around the Sphinx and the pyramids to control tourists and stop encroachment by nearby villages, Reuters reports from Cairo.

They also proposed a virtual ban on motor traffic, and removal of asphalt roads and modern buildings on the site.

Trail of death and misery in Colombian campaign

COLOMBIA'S presidential campaign, which closes tomorrow, has left three candidates dead and a trail of misery and destruction.

Mr Cesar Gaviria, Liberal Party candidate and favourite to win in the opinion polls for the May 27 elections, has barely set foot in the open during the campaign. Television has replaced mass rallies and hand claps in a country where it was traditionally a matter of pride for candidates to reel off the lists of towns and far-flung villages they had visited.

By Sarah Kendall in Bogotá

The assassination of his predecessor, Mr Luis Carlos Galán, on a campaign platform last year, was the first killing. In the last two months the left-wing Patriotic Union candidate, Mr Bernardo Jaramillo and the leader of the M-19 guerrilla-turned-political group, Mr Carlos Pizarro, have been shot dead.

While the cocaine traffickers denied any involvement in the last two murders, they have

never disclaimed the killing of Mr Galán — which triggered the "cocaine war". The subsequent car bombs, the shooting of more than 80 policemen in Medellín and the dozens of kidnappings and murders have shored up the electoral process.

The drug issue — especially the question of who favours dialogue with the traffickers and who favours continuing repression — has been used to characterise the candidates. Mr Gaviria, on the right of his party and closely identified with President Virgilio Barco's

policies, still talks of extradition and winning the war — though this has increasingly come to mean getting Pablo Escobar, the most notorious drug baron.

The Social Conservative party candidate, Mr Rodrigo Lloreda, and Mr Alvaro Gómez, leading a radical national salvation movement, stress the need for talks rather than police action and the need to tackle cocaine production and consumption rather than capture kingpins.

Mr Antonio Navarro Wolff, replacing Carlos

Pizarro for M-19 and other left groups, is equally critical of current policy.

In the last days of the campaign, candidates have been juggling television time with supporters' meetings behind closed doors. Mr Gaviria, heavily threatened, cancelled a trip to the Caribbean coast but is to appear in the Bogotá stadium tomorrow.

His overwhelming victory in the first round of the elections and the voting power wielded by the governing Liberal party put him well ahead.

Instability hits stocks in Taiwan

By Peter Wickenden in Taipei

THE TAIWAN Stock Market index plunged 510 more points, a record 6.4 per cent, yesterday, to more than 40 per cent below its peak in February.

From a high of 12,495.24 then, it has now dropped to 7,416.96, its lowest level since April last year.

Analysts said some of the so-called "big hands" who manipulate stocks were hanging back during the present political instability, while others were in financial trouble.

Small investors trading on the illegal margin loans offered by many securities houses are also trying to cut their losses. With every small rebound, profit-taking swamps the market, driving it down even harder.

Mr Vincent Wen, a researcher at W.I. Carr in Taipei, said the index might drop to 6,000 and would not start to recover until the new premier and cabinet were sworn in in 10 days.

The opposition is planning two big protests at the nomination of a four-star general as premier. In addition, there is nervousness about rising tensions across the Taiwan Strait caused by the presence here of the radio ship, Goddess of Democracy.

Mr Wen attributed the latest fall to investor psychology, rather than to any particular event. "More and more people are becoming aware of the weakness of the market,"

'Democracy' radio ship to head for Japan

By Peter Wickenden

THE RADIO ship Goddess of Democracy is to leave Taiwan for Japan, now that the Taiwanese Government has refused to issue an export permit for its transmitter.

The vessel sailed from France with the intention of collecting and installing the transmitter on arrival at Taiwan's northern port of Keelung. The Taiwanese authorities allowed the vessel to dock and take on food, water and fuel, but would not allow the transmitter on board.

In Taiwan yesterday, the organisers accused Washington of putting pressure on Taipei not to assist the project. Taiwan itself has been making historic moves to improve relations with China in the past few weeks.

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INVESTOR CHRONICLE

A SHOCK BUDGET FROM THE

Thailand to lift currency controls

THAILAND plans to liberalise its foreign exchange controls to help Bangkok develop as a regional financial centre, the Bank of Thailand said yesterday, Reuters reports from Bangkok.

Officials of the central bank said Thailand intended to remove a requirement for government approval before profits can be repatriated or money sent out of the country.

Thailand will also declare its readiness to obey International Monetary Fund regulations which place foreign exchange transactions in the country's trade and services account outside government control.

Mr Chatichai Choonhavan, Prime Minister, and Mr Pramual Sabhavasat, Finance Minister, are to announce the reforms on Monday.

The bank said foreign investors, especially those buying listed Thai stocks, would be able to remit dividends and capital gains abroad freely through commercial banks without seeking approval from the central bank.

News of the reforms boosted the stock market yesterday. Brokers estimated the official SET Index closed up 18.42 points at a record 527.21.

Thailand has so far required foreign investors to match their currency repatriations with funds they had already brought in and registered with authorities.

Virapong Vacharatip, an analyst at Bangkok Bank, said the liberalisation would greatly help Thailand's external trade and investment by facilitating the two-way flow of currencies.

He said the Bank of Thailand was also expected to allow Thai companies to open foreign currency accounts abroad.

Papua wins big rise in aid despite unrest

By Joyce Quak in Singapore

THE World Bank and major donor nations yesterday gave Papua New Guinea a substantial increase in aid for 1990, as the country's finance minister warned that civil war could break out at any time over the secession of the island of Bougainville.

Despite the problems in Bougainville, where riots were reported yesterday and fighting broke out among the secessionist groups, Papua New Guinea retained the confidence of the World Bank and leading donor nations who agreed to increase aid by \$280m to \$710m (\$422.6m).

Mr Russell Chesham, World Bank Director for the Asia Region, said the third meeting of the Consultative Group for Papua New Guinea did not discuss the situation on Bougainville, where the rebels recently declared independence but promised the meeting "a successful... a challenge to ensure financial stability."

He praised the Government's timely measures to correct the situation arising from the sharp drop in export prices and from the year-old closure of gold and copper mines on Bougainville which deprived PNG of its largest foreign exchange earner and 35 per cent of its exports.

The Government imposed an economic blockade in Bougainville this month but had ruled out force or external military assistance in quelling the 200 to 300-strong rebel army which controls the island of 300,000 people, but troops had been placed on stand-by. "In a situation like this you can't predict what will happen next," said a spokesman for Mr Rabble Namulih, the PNG Prime Min-

ister, in Port Moresby. The government strategy has been to isolate Bougainville, 500 miles east of the capital, until conditions deteriorate and the rebels lose the support of local people.

Reports filtering out of Bougainville yesterday said the rebel Bougainville Revolutionary Army had split into three main factions, the Northern, Central and Southern Commandos, with numerous splinter groupings also forming.

Supreme commander of the BRA Francis Ona declared himself interim president of the Republic of Bougainville on Thursday.

Mr Namulih told the aid donors' meeting that his Government was strongly committed to the structural adjustment programme and to maintaining financial stability and accelerating reform of the non-mining economy.

Tough measures already taken include a 10 per cent devaluation of the kina in January and the slashing of government expenditure by 74m kina (\$44m).

The aid provided by the World Bank, and fellow agencies such as the Asian Development Bank and International Monetary Fund, as well as countries such as Australia, Japan, New Zealand, the EC and the US, were mainly for infrastructural development, manpower training and health.

The aid group said that despite the shocks to the economy, Papua New Guinea's medium-term external financial outlook and creditworthiness remained strong as a result of a combination of policy actions by the government and support from donors.

Clashes mark S Korean rally

By John Ridding in Kwangju

SCATTERED clashes between riot police and students erupted last night in the south west Korean city of Kwangju after more than 100,000 people held a peaceful rally to commemorate the 10th anniversary of the bloody suppression of pro-democracy civil unrest, in which more than 200 people were killed.

More widespread clashes are expected today when Chun Doo Hwan, the national student organisation, is to hold a mass demonstration in Kwangju.

The mayor of Kwangju said yesterday that security forces would "completely block the rally before it even happens"

by preventing students from outside Kwangju entering the city. But many are already believed to be in the city.

The scale of yesterday's rallies illustrates the continued bitterness felt in Kwangju and the surrounding province of Cholla at the suppression of the city's uprising in May 1980, launched in protest at the emerging military government of General Chun Doo Hwan.

Dissident groups estimated that as many as 2,000 people were killed when troops moved in, but official figures estimate the death toll at about 200.

Residents of the province also complain of political and

economic discrimination. The Government has taken steps to resolve the legacy of the uprising. Last year, President Roh Tae Woo expressed "deep concern and regret" about the casualties, and the Government has announced a series of investment projects to improve the region's relative economic underdevelopment.

But a feeling of discrimination remains. "The Government's attempt to compensate for the massacre is not satisfactory for the people of Kwangju," says Professor Myung Ro Kyoun, standing chairman of Minju Yonhap, a national dissident group.

OVERSEAS NEWS

US may revise targets as budget problem worsens

By Peter Riddell, US Editor, in Washington

AN INCREASE in the Gramm-Rudman statutory targets for reducing the US budget deficit looks likely as a result of talks now under way between congressional leaders and the Bush administration. This would lengthen the time before the deficit is eliminated. After two long sessions negotiators still do not agree about the size of the problem and have not yet begun to discuss possible solutions. The only point of agreement is that the deficit cannot be reduced by more than 1 per cent of Gross National Product, or roughly \$50bn in the first year without damaging the economy. This would be twice the size of any recent deficit reduction package.

Such a cut in the deficit would probably be less than is legally required to meet the current Gramm-Rudman target of \$54bn (\$38.95bn) for fiscal 1991 starting this October, even with the \$10bn leeway allowed on top before mandatory across-the-board spending

cuts come into force. Consequently, the Gramm-Rudman targets might have to be revised upwards even before taking account of the working capital costs of buying and holding the assets of failed savings and loans or thrifts. The Bush administration and Republican senators are pressing for these temporary working capital costs to be excluded, though Democratic leaders have not yet agreed. The arithmetic of the problem is as follows, according to figures released after Thursday's talks: The administration, via the Office of Management and Budget, is projecting a deficit for fiscal 1991 of between \$125bn and \$135bn (before any budgetary measures and excluding the working capital of the thrifts). This compares with an estimate of \$100.5bn at the time of the Bush budget last January. It implies a deficit reduction of between \$25bn and \$35bn to hit the basic \$64bn target, or slightly less in

practice given normal leeway. The Congressional Budget Office is projecting a deficit of between \$140bn and \$150bn, compared with its March estimate of \$134bn. This would mean a deficit reduction package of at least \$85bn and \$95bn, well over what the CBO regards as economically acceptable. In addition, the temporary working capital costs of the thrifts' rescue could add a further \$50bn to \$60bn. Before the negotiators meet again on Tuesday Mr Richard Darman, the budget director, and Mr Robert Reischauer, the CBO director, will seek to reconcile their estimates. The upward revisions reflect the impact of higher than expected interest rates and lower than expected corporate income and excise tax receipts. There has also been a \$5.7bn increase in the administration's estimate of how much the Federal Deposit Insurance Corporation will have to spend on failed banks.

Lithuania comes under intense pressure to freeze independence

By Quentin Peel in Moscow

THE rebellious Baltic republic of Lithuania was yesterday under open pressure from Moscow, and tacit pressure from the US, to suspend its independence declaration and open negotiations on possible compromise in the confrontation began to emerge yesterday, although regarded with extreme suspicion by the Lithuanians, to provide some form of international guarantee in exchange for freezing the independence move.

The Lithuanian parliament will meet today to consider what concessions it can offer Moscow in a bid to open negotiations, and lift the economic blockade which has brought many factories in the republic to a standstill. Mrs Kazimiera Prunskiene, the Lithuanian Prime Minister, will report the results of her meeting with President Mikhail Gorbachev, the Soviet leader, and Mr Viktor Ryklov, the Soviet Prime Minister, as well as a meeting yesterday with Mr James Baker, the US Secretary of State.

Last night she repeated a warning about the consequences for Lithuania of suspending its independence declaration, as demanded by Mr Gorbachev, suggesting that it would mean renouncing the secession right guaranteed by the Soviet constitution. In Vilnius, members of the parliament were adamant that there was no question of going back on the independence declaration in any form, but simply of freezing the legal consequences pending negotiations. Even on that score they are looking for Western guarantees of Soviet non-interference. However Lithuanian officials made it clear that Mr Baker had also urged some attempt to meet Mr Gorbachev's demand for a freeze on the independence declaration, if necessary, backed by guarantees, for example that Moscow would not make any moves to undermine the Lithuanian government, and would halt the provocative behaviour of the Soviet military.

The Lithuanians are also convinced that Mr Gorbachev sees a freeze as the complete annulment of the independence move, while the US believes it is simply a temporary suspension. A key question is whether or not such a move would mean that Lithuania has to follow the new Law on Secession, demanding a referendum on independence, and giving an effective veto on secession to the other republics of the Union. The attempts to promote some dialogue between Moscow and Vilnius - as demanded by the US, and the Senate in Washington - come in contrast to a worsening confrontation in the neighbouring republics of Latvia and Estonia. The Soviet prosecutor has ordered his officers to step up their actions to maintain Soviet laws, and additional Soviet border ministry troops have been despatched to the area. On the other side, the Estonian authorities have started the process of recruiting a new civil guard of volunteers, since the attempted storming of the Lithuanian parliament last Tuesday.

At this week's hearing Dr Willis did not deny that he had traded on the tip but said he had not known it was confidential. Being well-informed, he quoted the recent case of former broker Mr Robert Chestman, whose conviction on insider trading was reversed on the grounds that he did not know that a tip on the impending sale of a grocery chain was a secret. US District Judge Miriam Cedarbaum disagreed, saying in her ruling that Dr Willis had knowingly breached a confidential relationship. "You would think that he would at least have scratched his head and wondered whether he ought to be doing this," said a spokesman for the American Medical Association. "At the very least, it's tacky."

Psychiatrist who traded on patient's anxieties

By Janet Bush in New York

NEW YORK psychiatrists don't exactly languish in poverty. But even in the world's capital of therapy it is unusual to rake in more than \$27,000 in a month - none of it from treating patients. But then, not every psychiatrist has the wife of one of Wall Street's most famous dealmakers as his patient. Federal prosecutors have indicted Dr Robert Willis, whose practice resides just off the opulent stretch of Fifth Avenue near the Metropolitan Museum of Art, for trading on information he received during a session with Joan Well, the wife of Mr Sanford Well, chairman of Primatec, the fast-growing financial services conglomerate. The charges go back to 1985 when Mr Well, then president of American Express, told his wife that he was about to launch an attempt to become chief executive officer of BankAmerica.



Romanian president Ion Iliescu, whose National Salvation Front leads the polls for tomorrow's elections, greets a large rally in Bucharest. Reports yesterday said there was fighting in Timisoara.

E Germans cover as Bonn's capitalist hurricane looms

EAST GERMANS greeted yesterday's signing of the economic and currency union with West Germany - and the prospect of rapid transformation from socialism to capitalism - with ingratulation and anxiety. They may have voted for the "cold shower" route to the market economy, but they were damn sure they will have going to look happy about it. A Polish tourist in East Berlin could scarcely believe it. "They're receiving the gift of a hard currency and massive support from West Germany for the transition and all they can do is moan or worry."

But for months now the East Germans have ceased being the rich of eastern Europe and become the poor of greater Germany. On Wednesday Mr Günther Krause, East German State Secretary, even had to announce that the arrival of the D-Mark on July 2 was no occasion to panic. Public mood remains sullen and has become increasingly xenophobic as a development stimulated by the influx of thousands of Romanian refugees in the past week. But the doomsters and panic merchants may have a point, especially if they are over 45 and inflexible. According to many East German industrialists a hurricane will strike this conservative country when the economic border is abolished. Even bosses of the small minority of big companies with good survival chances are planning to cut their workforces by a third. Mr Kurt Kasch, head of the Deutsche Bank in West

Berlin, blames politicians for not being more honest about the effects of unity and says the collapse of East German business will be worse than expected. He reckons on "two to three million" unemployed. Mr Harry Zimmermann, boss of a large East German packaging group, says that if that figure is right, "we will have another revolution." He says his workers are not yet ready for a market system: "They want all the benefits without working for them."

Mr Zimmermann and others want support with tax breaks, investment incentives, and debt write-offs, to help ease the transition. They will probably get their way. Already Mr Gerhard Pohl, the German Economics Minister, has announced duties on a range of West German imports including farm products for a transitional period of one year. That will not save a large part of East Germany's consumer goods sector. Mr Jochen Lesch, head of the shoe industry, says his workforce will fall from 47,000 to 10,000. He blames East German wholesalers for exacerbating the problems by cancelling contracts with domestic manufacturers back in March in favour of doing deals with West German distributors.

The wholesalers were, however, merely reflecting the blind preference of most East German consumers for West German goods regardless of price or quality. That had not yet died. But East Germans have been lured back temporarily to domestic goods by price cuts of up to 80 per cent and by the need to spend surplus East German cash which cannot be converted at one-to-one. There are queues outside shoe shops and some customers are stocking up with four or five pairs. Such bargain hunting may dampen the sales boom expected by West German retailers after July 2. East Germans are also likely to be saving up for two priority purchases: a foreign holiday and a new car. Used car sales are already soaring in West Berlin where cars are being brought in from the Netherlands.

The Bonn Government decided to introduce currency union before reforming East Germany's economy because of the psychological boost that it was expected to provide. But even allowing for the continuing role of the former ruling Communist Party in media gloom and in sporadic strikes, the signs six weeks before currency union day - do not look promising. Indeed if East Berlin's sausage salesmen are an indicator of enterprise spirit, the East Germans are non-starters; all the new mobile snack bars seem to come from West Germany. The sole East Bloc representative was from Budapest.

French train breaks 500kmh barrier

By William Dawkins in Paris

FRANCE yesterday broke its own world rail speed record, for the second time in six months, by sending a passenger train well over half as fast as an Airbus jet. A Train à Grande Vitesse (TGV), bearing Mr Michel Delabarre, the French Transport Minister, 30 engineers, several tons of electronic gear and a bar magnet levitating for a long time to come, and that the European TGV network of the future should be able to compete against short-haul aircraft, said Mr Michel Perrin, managing director of the transport arm of GEC-Alsthom, the Franco-British engineering company which made the record-breaking train. The SNCF set its previous official best, of 424kmh, last December.

Yesterday's record is 1.6 times as fast as the 320kmh reliably clocked up by a popping champagne cork and 57 per cent of the 900kmh cruising speed of an Airbus-300. It is achieved by a slightly modified TGV-Atlantic, of the type to run on a new line from Paris to south-west France, due to open in September, but with three carriages instead of the 10 to be used for normal service. The record was set on a 1.6km test track near the town of St. Genès, where the TGV was travelling at 515.3kmh (320.2mph). The record, achieved on new track in a picturesque rural valley near the river Loire, was later greeted by President François Mitterrand as "a major success for the SNCF" - the French rail board. It proved that French TGVs can improve on their current top commercial speed of 300kmh, that wheeled trains could overcome the magnetic levitation for a long time to come, and that the European TGV network of the future should be able to compete against short-haul aircraft, said Mr Michel Perrin, managing director of the transport arm of GEC-Alsthom, the Franco-British engineering company which made the record-breaking train. The SNCF set its previous official best, of 424kmh, last December.

FFr1.2bn ferry order. Brittany Ferries, the cross-Channel car ferry operator, is to boost its fleet by ordering two new vessels worth FFr1.2bn (£225m) from Finland's Masa shipyards, writes George Graham in Paris. The company said it would sign a contract with Masa next week for construction of a jumbo ferry, carrying 620 cars and 2,120 passengers, to plough the route between Caen and Portsmouth. It has also opened discussions for a second car ferry, to carry 1,100 passengers. Both would be delivered in spring 1992, a year before the Channel Tunnel is due to open.

Feinstein to the fore as Californian politics return to life

Lionel Barber looks at the race for the governorship of the Golden State, and the handicaps facing the leading lady

"SHE'S a woman, she's Jewish, and she's from San Francisco," are top Democratic party analysts in Sacramento said of Mrs Dianne Feinstein's campaign for governor of California. "This is not an ideal combination." Ideal or not, Mrs Feinstein, a former mayor of San Francisco, enjoys a slim lead over her Democratic opponent, Mr John Van de Kamp, state attorney general, in the run-up to the June 5 primary. Even more eye-catching, she is viewed widely as the party's best shot to upset Senator Pete Wilson, the cash-laden Republican, in the November general election. This is a watershed election year in California, a trend-setting state with the sixth largest economy in the world and the most ethnically diverse population in the US. Election boundaries are being redrawn, and the state could add as many as seven new congressional seats once the census returns come in. Both Republican and Democratic parties have a chance to grow, and California will become an even greater prize in future presidential elections.

The Feinstein phenomenon confirms that politics in the Golden State has returned to life after eight years of suspended animation under Governor George Deukmejian, a buttoned-down Republican who, until a few years ago, declined to own a passport. Traffic-choked freeways, smog-filled skies, and an alarming drop in per-pupil spending in primary and high school education are causing Californians to take a second look at government; so too is the lack of planning to cope with the growing Hispanic and Asian population. If there is a newslight message, it comes down to backing a woman's right to choose on abortion. By playing on fears about the Supreme Court's Webster decision last year, which handed back the abortion issue to the state legislatures, Mrs Feinstein hopes to mobilise women - who far outnumber male voters in the Democratic primary. Mr Van de Kamp has chosen a different tack. Serious, thoughtful and unrelentingly dull, he has sought to draw attention by pushing three separate propositions (the citizens' initiative which are the tradi-



Feinstein: Not an ideal combination

tion that a new age of activism is on the way, similar to the high-spending days of Governor Pat Brown, who, between 1959-67, expanded the state's highways and public schools. "The big government/big growth complex of the Pat Brown era is not

coming back," says Mr Bill Bradley, publisher of the respected newsletter New West Notes. Public scepticism of politics and elected officials is part of California's pedigree, he argues; even last year's earthquake in San Francisco failed to shake voters' mistrust. The challenge of all candidates for governor is to galvanise voters. While she talks sensibly about managing growth, Mrs Feinstein is generally the least substantive, relying on her telegraphic personality to carry her through the primary campaign. If there is a newslight message, it comes down to backing a woman's right to choose on abortion. By playing on fears about the Supreme Court's Webster decision last year, which handed back the abortion issue to the state legislatures, Mrs Feinstein hopes to mobilise women - who far outnumber male voters in the Democratic primary. Mr Van de Kamp has chosen a different tack. Serious, thoughtful and unrelentingly dull, he has sought to draw attention by pushing three separate propositions (the citizens' initiative which are the tradi-

tional tool for bypassing the state legislature in Sacramento). The initiatives include ethics (limiting lawmakers' terms), crime, and "Big Green", an environmental proposal which, if passed, would cover everything from saving redwood forest and blocking offshore oil development to slowing global warming and outlawing cancer-causing pesticides in food. The Democratic fear is that the primary between Mr Van de Kamp and Mrs Feinstein could turn so bloody that neither will be in shape to face Mr Wilson, a former mayor of San Diego and two-term senator who has more than \$15m ready to deploy on TV advertising. Mr Wilson is good deal greener than the Texas oil-man turned "Environmental President" George Bush, and has often taken a line independent of the White House, particularly on oil-drilling off the California coast. The most important influence favouring Mr Wilson could be the economy, which shows signs of weakening. Real estate prices are softening; collapses in the savings

and loan industry are restricting capital for developers; and concern about the impact of defence cuts is growing. (Even though defence's share of gross state product has fallen from 14 per cent to eight per cent in the past 20 years, defence purchases will still bring \$54 billion into the state this year.) Lockheed announced last week that it was shifting part of its Burbank operation to Georgia, and McDonnell Douglas, whose civilian business had been picking up laid-off defence workers from Lockheed and Northrop, said recently it would reduce its Long Beach workforce by 3,000. The problems need not be overstated. Japanese companies such as Honda and Toshiba have announced expansion in their California operations, and the state's diverse economy has tended in the past to make it near recession-proof. But if the softness in the economy continues, Californians' appetite for the political gamble will doubtless diminish. And gambing on novelty is just what Mrs Feinstein is counting on.

Talks on EC reform

EC Foreign Ministers will today use an informal meeting at a secluded hotel in Kerry, south-west Ireland, to winnow down proliferating ideas to reform Community institutions and enable EC leaders to start negotiations on political union next month, writes David Buchanan in Brussels. Two main papers will be laid before ministers. The first, prepared by the Irish presidency, lists all the various reforms aimed by governments, and the second focuses on the institutional aspects of the planned Eurofud.

Backing for Baker

The European Community should respond positively to the suggestion made last December by Mr James Baker, US Secretary of State, for a treaty formalising EC-US relations, a senior member of the European Commission said yesterday, writes Peter Norman in Milan. Mr Frans Andriessen, the EC's external relations commissioner, also told a European-US journalists' conference the community should seek a special relationship with the USSR to ally Soviet fears of isolation.



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UK NEWS

Ulster by-election set back for Tories

By Ralph Atkins and Our Belfast Correspondent

THE CONSERVATIVE Party yesterday suffered a harsh defeat in the first parliamentary election it has fought in Northern Ireland for 70 years as the Official Unionist candidate took an easy victory in the Upper Bann by-election.

Mrs Celeste Jones, the Tory candidate, lost her deposit and polled almost 1,000 votes fewer than Sinn Féin, the IRA's political wing.

Her relegation to sixth place came in spite of a high profile campaign backed up by visits to the constituency by several senior ministers, including Mr Kenneth Baker, the national party chairman.

Although the Unionist-dominated constituency was regarded as unlikely Tory territory, the result will set back

hopes of the province's eight fledgling Conservative associations of providing a viable alternative to the province's established parties.

Mr David Trimble, the Official Unionist candidate, polled 20,547 votes, beating into second place Mrs Brid Rodgers, the Social Democratic Labour Party candidate. The by-election was caused by the death of Mr Harold McCusker.

The OUP share of the vote, at 58 per cent, was slightly lower than the 61.5 per cent it won in the 1987 general election. But the convincing win by a majority of 13,849 underlined the continuing support for Mr James Moynihan, OUP leader and a critic of the 1995 Anglo-Irish Agreement.

Mr Trimble, a Queen's Uni-

versity law lecturer, said the electorate had rejected out of hand the agreement, which he claimed was the main issue in the by-election.

He said Mr Peter Brooke, the Northern Ireland Secretary, must realise he was "defending the indefensible" and accused him of dragging his feet in his attitude to talks with the Unionist leadership.

Mrs Jones, who sought to persuade the electorate that a Conservative vote was a positive vote for the party in power, received 1,033 votes compared with 2,033 for Sinn Féin candidate, Ms Sheena Campbell.

Northern Ireland's Conservatives won official recognition for the first time at the party's national conference in Black-

pool last autumn. They held a handful of council seats, most notably in the prosperous area of North Down, which is regarded as their best hope.

The full results were: Mr David Trimble, Official Unionist, 20,547; Mrs Brid Rodgers, SDLP, 6,698; Sheena Campbell, Sinn Féin, 2,033; Rev Hugh Ross, Ulster Independence Party, 1,033; Mrs Celeste Jones, Conservatives, 1,033; Dr William Ramsey, Alliance, 938; Mr Gary McMichael, Ulster Democratic Party, 600; Mr Peter Doran, Green Party, 576; Mr Erskine Holmes, For the Right to Vote Labour, 235; Mr Alastair Dunn, SDP, 154.

Poll, 35,620; percentage poll, 58.6 per cent; spoiled votes, 174; majority, 13,849.

Dublin calls for prompt action on UDR report

By Ralph Atkins

THE IRISH Republic has called for the swift implementation of proposals for tighter controls on the Ulster Defence Regiment following the Stevens report into collusion between Northern Ireland's security forces and loyalist paramilitaries.

Mr Gerry Collins, the Irish Foreign Minister, said the report confirmed the basis for his Government's "profound concern." Recommendations made by Mr John Stevens, deputy Chief Constable of Cambridgeshire, should be introduced "promptly," Mr Collins said.

He would be seeking to learn from the British authorities the steps they intended taking to implement Mr Stevens' recommendations.

The report, published on Thursday, listed 83 proposals for improving army vetting procedures, recruitment and tightening controls on the handling of sensitive documents.

The inquiry said UDR members had been involved in collusion but that the passing of information to paramilitaries by security forces was "neither widespread nor institutionalised." Allegations of collusion dominated a series of meetings of the Anglo-Irish conference last autumn.

Although Mr Collins' statements were strongly worded, the British Government is likely to take some comfort from Ireland's promise of a full exchange of views at the next meeting of the conference - suggesting both governments are anxious to avoid a round of damaging "megaphone diplomacy."

No charges in Clapham rail disaster

NO CHARGES are to be brought in connection with the Clapham Junction, London, train disaster, in which 35 people died and 113 were injured, it was announced yesterday.

The Director of Public Prosecutions decided there was no evidence to bring a charge of corporate manslaughter against the British Railways Board or charges of manslaughter against individual employees.

A statement from the Crown Prosecution Service said the DPP's decision was made following a detailed investigation by British Transport Police and other "close consideration" was given to a report by Mr Anthony Holden, QC, who carried out an inquiry into the disaster.

"The Director of Public Prosecutions has concluded that as a matter of law there is no evidence upon which a prosecution for corporate manslaughter may be brought against the British Railways Board in connection with the Clapham Junction railway accident on December 12 1988," the statement said.

"He has also concluded that there is insufficient evidence to justify the institution of proceedings against any employee of the Board for manslaughter or for any other offence."

The inquiry was told the accident happened seconds after a train driver used a trackside telephone to report a defective signal.

The driver said he had stopped his train at the next signal after the faulty one but before he was able to make his report he heard an "alarming crash" as a packed commuter train from Poole, Dorset, smashed into the rear of his train.

The hearing resumes on Monday.

EMPLOYMENT

Nalco to ballot NHS members on strike action

By Lisa Wood, Labour Staff

MORE THAN half of the 130,000 administration and clerical workers in the National Health Service are to be balloted over strike action in protest at a 7.7 per cent pay offer.

The call by Nalco, the public service union, comes the day after leaders of Cofes, the health service union, urged its members to reject an offer that would add 7.8 per cent to the hospital ancillary workers pay bill.

Strike action by clerical and administration workers would disrupt the NHS and potentially could hamper the introduction of radical plans for its re-organisation by Mr Kenneth Clarke, the Health Secretary.

The decision by Nalco to hold a ballot was taken by a 200-strong delegates conference meeting in London yesterday. Delegates voted by a majority of three to one to reject the 7.7 per cent offer.

Action proposed included one, two and three day strikes, plus indefinite action by selected groups which could include those dealing with NHS finances and the White Paper. The ballot will begin next week with a result expected on June 14.

Nalco has the largest membership among hospital clerical and administration workers.

A ballot of union branches by Cofes, with 6,000 clerical and administration workers, narrowly accepted the offer.

The unions representing clerical and administrative workers was for £18 a week or 12 per cent, whichever was the greater.

Last year administrative and clerical staff secured a 6.5 per cent plus an average of



Kenneth Clarke: radical plans may be hampered

3 per cent for restructuring. Ms Lynn Robson, chair of Nalco's health committee, said pay rates were "disgraceful. The employers and the Government have traded on our goodwill and have done so for years. We are sick to death of being at the bottom of the pay pile."

The Department of Health said yesterday that even if the Nalco ballot was passed "there was a long way to go" before industrial action would occur.

Members of the TGWU general union in the electricity supply industry have voted to accept a 10.2 per cent pay offer by 5,494 to 2,391, it was announced yesterday. The vote followed a recommendation to accept the offer by union leaders.

The results of other votes among the 76,000 electricity supply industrial workers are expected shortly.

Mr Jim Mowatt, TGWU national officer, said the vote showed that workers wanted to retain national negotiations.

Yorkshire dyers set for War of the Roses

By John Gapper, Labour Editor

SOME 500 dyers and finishers in the Yorkshire wool textile industry yesterday threatened to go on strike after employers offered them the same pay rise as other Yorkshire textile workers rather than the Lancashire dyers.

The dispute has arisen out of tangled skein of pay talks which have followed the break-up of joint pay bargaining across the textile industry. It is the first time Lancashire and Yorkshire employers have negotiated separately.

An overtime ban is to be started from next week in about nine factories followed by a strike from June 11 over a 7.5 per cent offer. About 2,000 dyers and finishers in Lancashire have already accepted an 8.5 per cent deal.

"The dyers and finishers are customers of the Yorkshire spinners and weavers and we cannot treat them differently," said Mr John Lambert, industrial relations director of the Confederation of British Wool Textiles.

However, the dyers and finishers' union said they deserved the same pay increase as dyers in Lancashire because they did comparable work. A strike would be the first among dyers and finishers since the 1920s, it said.

The dispute indicates the difficulties in pay bargaining within the textile industry following the dispute among cotton workers two years ago. That led to the break-up of joint pay talks covering both sides of the Pennines.

Mr Lambert said the Yorkshire companies - which decided to negotiate separately after the break-up of the British Textile Employers' Federation (BTEF) - would not increase their offer, which includes a rise in sick pay.

Mr Peter Booth, national secretary of the TGWU general union's textile group, said three Yorkshire companies had rung the union to offer the same 8.5 per cent rise given by the Employers Federation of Textile Finishers (EFTF).

The EFTF was the body set up by Lancashire dyeing and finishing companies after the break-up of the BTEF. However, the Yorkshire employers refused to join and decided instead to negotiate through the CBWT.

Mr Booth said 7.5 per cent was a "derisory and insulting offer." He said the rise in inflation meant that workers at Yorkshire dyeing and finishing companies might not even accept 3.5 per cent now.

Mr Lambert said that some Yorkshire companies were offering more pay in return for changes in working practices. He said the offer included a bringing forward of the pay date which meant it was worth 7.5 per cent in all.

When the textile joint negotiations ended after the cotton dispute, larger finishing companies decided to negotiate pay separately.

Bus company on route to success

Ian Hamilton Fazey on Optare of Leeds, which DAF is purchasing

EVERY six weeks Mr Russell Richardson prepares a detailed account of his company's performance and presents it to shareholders after work at the factory in Crossgates, Leeds.

Optare, the bus making company, is very much out of the ordinary in an industry that has seen numerous and corporate failure in the wake of the privatisation and de-regulation of Britain's local bus services.

Formerly known as Charles H. Roe, the company's success is such that DAF, the Netherlands motor company, is buying it, subject to shareholder approval. The bulk of the shareholders are the workforce and it is they who turn up to grill Mr Richardson at the evening meetings.

The arrangement works well enough for them and to both with trades unions. Roe had nine of them and demarcations. Optare works flexibly, no one is ever idle, the workforce is up to 250 from the 100 it had at the time of its resurrection, and is recruiting 50 more.

Mr Richardson was a manager between 1978 and 1981, when Roe was part of British Leyland. In 1984, BL shut Charles H. Roe. The workforce asked the newly-formed West Yorkshire Enterprise Board to take over the company.

There were two conditions: the company had to be a private enterprise in venture capitalism by a Labour authority - to help its aim of equity was conditional on Mr Richardson - whom the workforce wanted - writing up his job at BL's Duple coachbuilders in Blackpool and returning to run the renamed business. Proof of his commitment was also required. He was 35 at the time with little accumulated capital, so he took out a second mortgage to buy 25,000 £1 shares and prove he was in earnest.

Since then, Mr Richardson has been made an MBE and the board is an independent venture fund known as York-



Russell Richardson (left) and one of Optare's new buses on route in London

shire Enterprise with more than 100 investments. It owns Optare with Mr Richardson and the workforce, who bought stakes through one of Britain's first share ownership schemes.

"Because of the trauma of the closure of Roe, the people we recruited with had much more determination than normal employees," Mr Richardson said yesterday. "From there on it has simply been a matter of making the right strategic moves."

However, the bus market was chaotic and unpredictable for manufacturers. Bus buyers were local authorities. Each had its own design, based on the idiosyncrasy of a borough engineer and it took months to draw up specifications. Buyers would specify the chassis and engine and the bus manufacturer would build as ordered if its tender was approved.

Optare researched the market and decided that small buses were a niche that would grow after de-regulation in 1987. Bus buyers would be privatised companies with an eye on the bottom line: none would be able to afford long lead times or unique designs.

In 1986, Optare launched the City Pacer, having settled on Volkswagen for the chassis and Alnus for the body. Its cost, 225,000, was lower than a Mercedes chassis.

The buses were of uniform design but the buyer had options, such as the number of doors. "We have developed a simple clarity of design," says Mr Richardson. "Our customers can come and choose what they want" he adds, with delivery in eight weeks.

DAF got to know Optare when they jointly developed the Delta, a large single-decker

highweight bus with a coach-standard chassis for passenger comfort. It has won Britain's Bus of the Year title for two years running.

If the takeover is approved, other new products will follow said Mr Richardson and Optare will head the UK operations of DAF's United Bus.

Apart from security, the shareholders' other reward will be capital gains between five and seven times their investments. At the same time, Yorkshire Enterprise will continue to confound its early critics with a comfortable realisation.

Mr Richardson, whose share options have now swollen his own holdings to 20 per cent of the company, will roll over some of his equity into United Bus. He will not be able to run anywhere with it, however: DAF is trying him down with a contract.

actions of himself and Mr McMichael.

He said flying on one engine was a well-practised manoeuvre.

At the start of the emergency Captain Hunt said he noticed a "shroud" of smoke which seemed to be coming through the cockpit door. He suspected fire in the right-hand engine because of where the smoke was coming from.

Earlier the inquest heard that Mr McMichael had stumbled with his words when telling Captain Hunt where the fault was, but had settled on the right engine. Captain Hunt said he had never doubted this was the engine with the problem.

The hearing resumes on Monday.

CAA checks for Boeing 737s after incident

THE UK's Civil Aviation Authority (CAA) ordered checks yesterday on all Boeing 737 twin-engine aircraft operated by British carriers after a steering wheel came off in a cockpit's hands during a flight this week, warning passengers.

The incident happened on a West German 737-400, the same type of aircraft that crashed on the MI last year. The US Federal Aviation Administration made a similar order.

The airlines were checking to see if a connecting pin was missing and for any damage to bolt threads. Boeing, the manufacturer, discovered an aircraft with a connecting pin missing in an inspection of aircraft about to be dispatched.

M1 crash pilot gives evidence

THE PILOT of the M1 disaster believed he had problems with both engines before the Boeing 737-400 crashed near the village of Kegworth, Leicestershire.

Mr Kevin Hunt, wheelchair-bound since breaking his back in the accident, told an inquest yesterday that he and his co-pilot, Mr David McClelland, shut down the right hand engine on their Boeing 737-400 after noticing vibrations and the smell of smoke.

Captain Hunt was giving evidence at an inquest into the 47 people killed when the Boeing crashed into the M1 in January 1989.

He said a fire warning came on for the left engine when they were about three miles from an emergency landing at

East Midlands airport. There was no time to try to start the right-hand engine.

"I remember that we had to try to avoid Kegworth and the M1. I believed we had a problem with both engines," he said.

The British Midlands jet was bound from Heathrow to Belfast but was diverted to East Midlands when the pilot realised he had an emergency.

Throttling back the right-hand engine had the "desired effect" of reducing the vibration, smell and smoke, so the pilot thought they had acted on the correct engine.

Captain Hunt said he now realised the right-hand engine had been in good working order throughout the flight and accepted responsibility for the

actions of himself and Mr McMichael.

He said flying on one engine was a well-practised manoeuvre.

At the start of the emergency Captain Hunt said he noticed a "shroud" of smoke which seemed to be coming through the cockpit door. He suspected fire in the right-hand engine because of where the smoke was coming from.

Earlier the inquest heard that Mr McMichael had stumbled with his words when telling Captain Hunt where the fault was, but had settled on the right engine. Captain Hunt said he had never doubted this was the engine with the problem.

The hearing resumes on Monday.

Depressed travel industry seeks psychiatric advice

By David Churchill, Leisure Industries Correspondent

BRITAIN'S travel industry has called on the services of a professor of psychiatry in its latest ploy to help increase package holiday sales - it still has more than 1m holidays to sell for this summer alone.

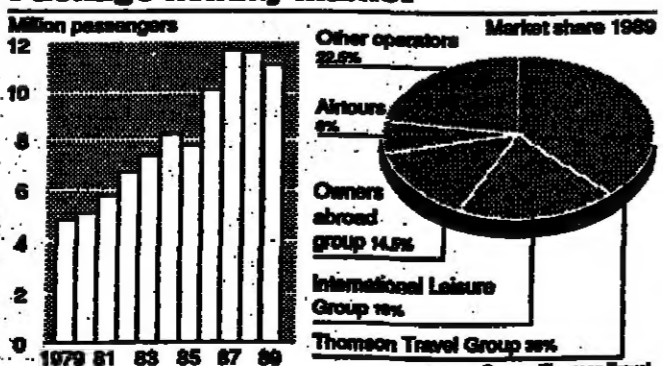
The Association of British Travel Agents, which represents all sides of the package holiday business, has produced a report from Professor Chris Thompson of Southampton University, claiming that a dose of sunshine during the winter months helps to ward off depression.

If this analysis is true, there could be a lot of depressed people around this year. The latest travel trade figures show this week prompted market leader Thomson Holidays to describe package holiday sales last winter as the "worst for a decade."

Winter holidays in the past decade had been one of the more buoyant parts of the travel business, with little price competition meaning that margins and profits were higher than for the summer package holiday market.

Traditionally, they appealed to people seeking a second holiday in the sun during the win-

Package holiday market



ter, people who could afford an extra two weeks in Tenerife or skiing in the Swiss Alps.

The travel trade believed that even with high interest rates causing the main summer market to slide into decline, the winter market would hold up well as those who took winter holidays generally benefited as much as lost from high interest rates.

But their calculations went awry with the overall market last winter falling 11 per cent to 1.6m holidays.

"The problem last winter was a shake-out of those people who had come into the winter market when times were good and then were hit by interest rates," points out Mr John McEwan, managing director of the Thomas Cook retail travel agency chain.

"These people have decided that they would hold back on a winter holiday and just stick to one main summer holiday."

The immediate repercussions of the slowdown in winter holiday sales was a flare-up this

week of the sort of price-cutting fervour that used to be such a feature of the travel trade until recently.

The two leading players - Thomson Holidays and Intasun - had ended the price-war of recent years on summer package holidays in an attempt to improve water-tight profit margins.

But this did not stop them this week claiming in good knock-about style to be the cheapest on selected destinations in the Mediterranean.

What they did not claim, however, was to be selling holidays cheaper than last year: the marketing battle in the early 1990s is now being fought over which company has the smallest price rises. Intasun was claiming victory in Spain for next winter, while Thomson was winning on the Florida programmes.

But the marketing hype this week about next winter's holiday programmes did not mask the more critical problems being faced by the travel trade.

The 20 per cent fewer bookings for package holidays this summer has thrown the charter airline business into tur-

moil, as was shown by the Britannia Airways job cuts announced earlier in the week, and put intense pressure on the travel agency sector.

British Airways, for example, is negotiating to sell its small four Corners travel agency chain which it started two years ago.

Four Corners hoped to capitalise on changing holiday patterns and to attract the more sophisticated traveller. Yet it has found it difficult to compete in a declining market where its rivals are still offering discounts on holidays booked through them.

Holiday patterns are changing. For example, while bookings for beach holidays to the Mediterranean were down by 20 per cent last winter, long-haul holidays to Florida were up 25 per cent. Seat-only flights for those holidaymakers with timeshare properties or other accommodation were up by 40 per cent.

Those operators who can best read the changing markets will become the driving force of the travel industry in the 1990s.

Leader page, Page 6

Funding of Tecs to be examined

By Lisa Wood

THE Government yesterday announced that it was setting up a working party to examine budgets of the new Training and Enterprise Councils (Tecs).

The announcement was made by Mr Michael Howard, Employment Secretary, at the first national meeting of the 82 chairmen and chairwomen of the employer-led Tecs.

It signals that Government has taken on board criticisms by Tecs over cuts in their projected budgets - from about £2.9bn to £2.5bn in the year when it hands over responsibility for the Youth Training Scheme and Employment Training to the Tecs.

The budget for YTS, for example, has been cut by 10.7 per cent in cash terms, and ET by 5.5 per cent. The Government says this is because of falling unemployment levels and its wish that employers contribute more towards training.

Mr Howard told the meeting that he understood concerns over funding. A working group of his department's officials and Tec chairmen would be set up under the chairmanship of Mr Tim Eggar, employment minister, to examine budgeting as well as greater flexibilities.

Full employment, the largest training provider to ethnic minorities, and an organisation whose income inspired private sector involvement in the inner cities, is closing four of its 18 centres catering for ET.

It said this was because of Government cuts in its trainee places, from 1,080 to 855, and the offer of a new unit price per trainee which it believed would not cover costs.

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Saturday May 19 1990

Much ado
about nothing

THURSDAY was a silly day's work in the City. First, the City decided that an interview by the Chancellor of the Exchequer in the Wall Street Journal meant that entry into the Exchange Rate Mechanism of the European Monetary System was imminent. Then it concluded that this would be wonderful for British business (which is most unlikely to be true - except in the long run) and promptly drove up stock and gilt prices.

The index of official consumer prices rose by 2.2 per cent, the interest rate on three-month interbank lending threatened to fall below 15 per cent and the effective index for sterling rose almost 1 per cent on the day. To crown it all, the FT-SE 100 index rose by 63.3 points, the largest daily gain since October 1987.

Why the excitement? Nothing that the Chancellor of the Exchequer said this week about the EMS changes, what was known. The Prime Minister has apparently given her blessing to the principle of entry and will, it is alleged, allow Mr Major to choose his timing. Italy's elimination of exchange controls has also satisfied another condition of the treaty.

Yet Mr Major also repeated more or less what he has said before. "I am sure we will benefit from joining the ERM," he remarked at the G8 dinner on Thursday night. "And join it we most certainly will when our conditions are met. But it is an added discipline, which will reinforce monetary restraint, not replace it."

Rightly or wrongly, the Government's intention is to enter the ERM when inflation in the UK converges towards those of its members. The underlying rate of inflation in the UK, somewhere between 6 and 7 per cent, is not as far from that target as the headline numbers suggest, but it is moving in the wrong direction. With monetary policy only beginning to turn and underlying earnings in manufacturing rising by 9.4 per cent over the year (up from 8.4 per cent a month ago), even though overtime is down, it will be some time before that condition is met.

Puzzling reaction

When the UK will enter the ERM remains a matter of speculation. The consequences are a little less speculative. But on this reaction of the markets is puzzling. Equity investors may believe that ERM entry would be no more than an election-winning ploy to get interest rates down, but it is keeping sterling up. But if it were, it would be a catastrophe for inflation, which makes one

wonder why gilt markets rose. Think the cynical view through. The market would, presumably, be convinced of adherence to the ERM only for the short term. Short-term interest rates would fall and, given the strictly limited change in longer-term inflationary expectations, that fall would swiftly flow through into borrowing. Demand would pick up, the election would - it is presumed - be won. But thereupon, the UK would suffer a resurgence of underlying inflation and a further increase in the current account deficit.

Limited credibility

Such cynicism could prove self-fulfilling. If entry into the ERM has little effect on long-term inflationary expectations, perhaps because the commitment has limited credibility, then consequences so uncomfortable that the policy might well be abandoned. Profitability in the production of tradable goods and services, some 40 per cent of the economy, would be squeezed between wage inflation at 9 per cent or more and the downwardly rigid exchange rate. This would not augur well for the Government's election chances. We have limited effect on inflationary expectations, longer-term interest rates would also remain high, which would not augur very well for the gilt market either.

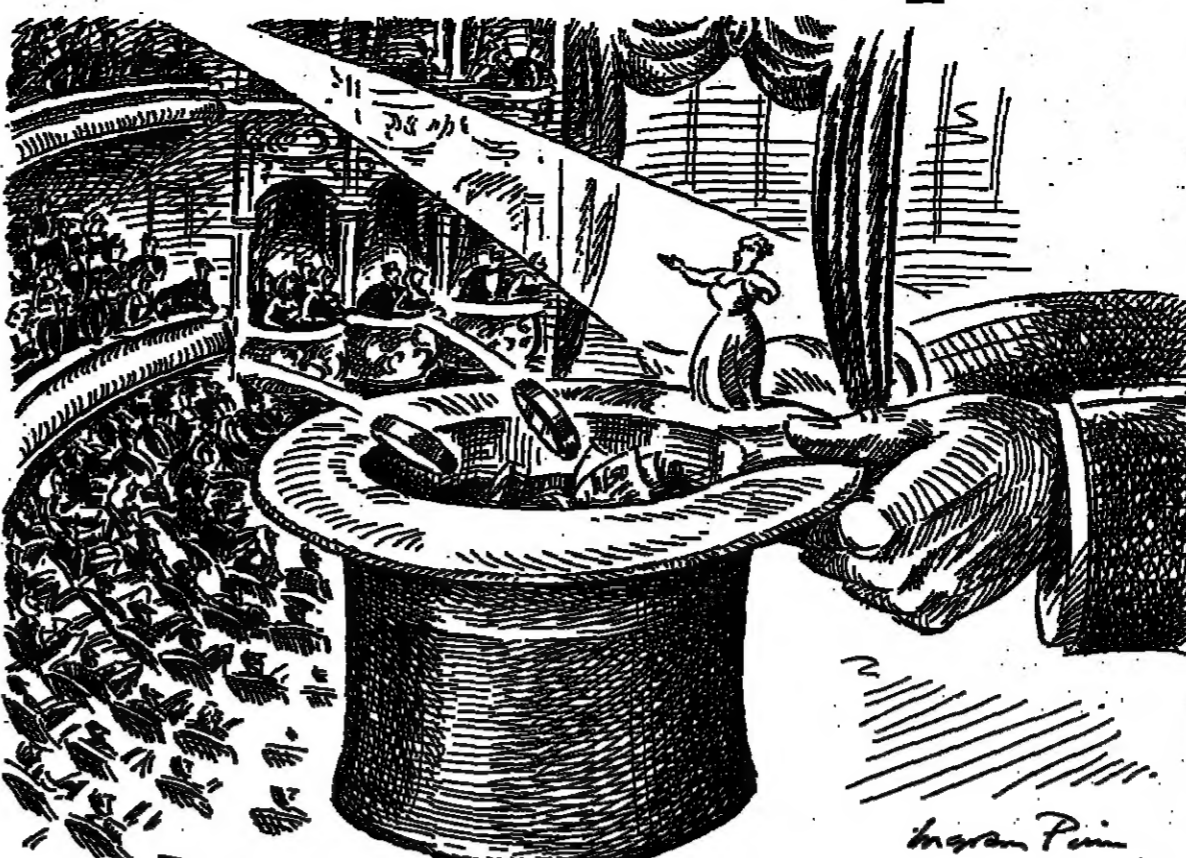
There is more than mere cynicism to be seen. Since entry into the ERM, on a wide band, almost a year ago, since then wage inflation has been sustained, while interest rates on three-month money, at over 15 per cent, are higher now than they were then. The differential is not a reflection of West German rates being very little and only because West German rates have risen.

ERM entry is no magic wand to get interest rates down and secure electoral victory for the Government. If that is realistic, at least the UK will not enter for the wrong reason. If it is not, the whole policy could be swiftly undermined.

ERM entry is a long-term disinflationary policy. That could not be high interest rates and, to the extent that it did, would require buttressing by other instruments of policy. This week's reaction suggests ignorance of this fact. UK entry into the ERM would be no happy marriage, but, entered into for the wrong reasons, could still ensure a lengthy repast.

Opera houses are seeking a corporate lifeline, reports Antony Thorncroft

The Donors' Opera



If you are a rich businessman and you receive a call from Sir George Christie, Mr Jeremy Isaacs or Sir Kenneth Bradshaw, beware - they want your money. Sir George is looking for £35m to rebuild the opera house at Glyndebourne; Mr Isaacs desperately needs £40m by Christmas to re-develop the Royal Opera House, Covent Garden; and Sir Kenneth could do with £50m to transform a field in the Midlands opposite Compton Verney into a new opera house.

Add in the ambition of Welsh National Opera to build its own home, and the perennial quest for an opera house in Edinburgh, and you have an unprecedented array of begging bowls seeking funds for the most elite and expensive of art forms.

Although there is an element of coincidence about the timing of the three big appeals, the protagonists have been spurred on by two favourable portents - the growing popularity of opera in the UK, and an apparent willingness by business to fund the arts, in particular opera. In 1988-89 opera attendances in the UK were at a record level, with almost 1.2m tickets sold for performances by the leading opera companies subsidised by the Arts Council. At the same time corporate sponsorship of arts events has grown from less than £1m 12 years ago to more than £20m in 1989.

Signs of the opera revival are everywhere, and at every level. The tenor Luciano Pavarotti can sell out venues designed for massive rock concerts, like the 10,000 seater London Arena, in hours, and commanded black market prices of up to £1,000 a ticket for his recent performances in L'elisir d'amore at Covent Garden.

Almost 100,000 people crammed into the Royal Court Arena last summer for Carmen; divas like Montserrat Caballé make the record charts as they duet with pop singers like Freddy Mercury; and opera movies like Franco Zeffirelli's La Traviata are box office successes.

Yet opera is currently managing a precarious balancing act, trying to appeal to a new audience with revolutionary productions of old operas, and avant-garde experimentation in new works, while maintaining its image as a civilised and reliable evening out.

No opera house has balanced more successfully, and longer, than Glyndebourne. Its popular image is of the Establishment, dressed to the nines, idling away a summer evening sipping champagne, in an idyllic garden setting, with a little talking Mozart thrown in - and all at the company's expense.

From Sir George Christie's point of view he is running the most successful arts festival in the UK, dedicated to the production of intellectually demanding small-scale operas, with a commitment to new and overlooked works and to young and generally little-known singers - and receiving no government subsidy.

Sir George inherited Glyndebourne from his father who started the musical evenings in the Sussex house to show off his wife's voice in the early 1930s. He is seeking £35m to ensure that Glyndebourne can survive on a firm financial footing for the next 50 years. His appeal has been launched now because Glyndebourne's reputation is at a peak and because the profitability of the company is at its highest. The appeal will turn his home, which sits on the summit of 1992 to the early summer of 1994 when the new Glyndebourne re-opens to the design of architect Michael Hopkins. The basic aim is to make more from the same. Sir George believes that little will be lost and much gained, in particular the revenue from the extra

seats which will ensure Glyndebourne's future. The new auditorium will provide an additional 320 seats - bringing its capacity up to 1,150 - but it will remain intimate.

The repertoire will also stay the same although with Sir Peter Hall relinquishing his role as artistic director at the end of next year there will be a new creative team in place. Sir George thinks that Glyndebourne might present more Handel, more of the Russian repertoire, but the formula will change little.

To pay for his plans Sir George is looking initially towards business. The helicopters in the meadow, the limousines in the drive are silent witness to the fact that a visit to Glyndebourne is the ultimate social outing.

Opera is managing a precarious balancing act, appealing to a new audience with revolutionary productions while maintaining its image as a civilised and reliable evening out.

Here is a little talking Mozart thrown in - and all at the company's expense.

But companies in general do have a substantial foothold at Glyndebourne. A third of the seats are taken up by corporate members, with around 55 per cent of the remainder going to individual members of the Glyndebourne Festival Society and the few left over available to mere mortals.

This balance will remain but Sir George hopes to raise a substantial slice of his £35m by gutting the green on the 320 corporate members. They are being asked if they want to re-join this select club for another 20 years after the 1994 re-opening. If they do, and thus acquire the opportunity to buy seats, they will

be expected to make a donation to the appeal - £20,000 for 120 seats in a season, although no more than eight on one night; £50,000 for 80 seats; and £20,000 for 40 seats; they can pay the entrance fee over four years. If all goes according to plan Glyndebourne will have raised £12m towards its target by the end of the year.

So far companies are biting the bullet. By March Glyndebourne was being pledged some £500,000 a week; three quarters of the replies so far received have accepted the offer.

The next step is to get up their minds in the knowledge that there are 250 companies on the waiting list for corporate membership of Glyndebourne. At the traditional drop out rate of one every four years it would take a millennium to fit them all in. The Glyndebourne appeal will improve chances for some, although Sir George will still be exercising firm quality controls. Somehow he has succeeded, largely through the overwhelming presence of the genuine opera lovers, to maintain the integrity of the occasion.

There is another reason why Glyndebourne should move now to consolidate its artistic dominance and its financial independence. Its exclusivity was attracting competitors. Five years ago the Henley Festival was started, an artistic conclusion to a day of rowing. It took up some of the Glyndebourne waiting list without quite delivering the artistic prestige. And more recently, Compton Verney, after endless talk, ceased being just an idea and turned into a reality - a potential rival to Glyndebourne.

The next step is to get up their minds in the knowledge that there are 250 companies on the waiting list for corporate membership of Glyndebourne. At the traditional drop out rate of one every four years it would take a millennium to fit them all in. The Glyndebourne appeal will improve chances for some, although Sir George will still be exercising firm quality controls. Somehow he has succeeded, largely through the overwhelming presence of the genuine opera lovers, to maintain the integrity of the occasion.

thing to happen and Mr Buxton started to organise concerts on the lawn. A more permanent structure was mooted and eventually the argument in favour of a Midlands Glyndebourne won over enough of the guests and the good at a dinner at Aspley House in 1988.

Merrill Lynch, the American stockbrokers (not members at Glyndebourne) put up the first £100,000, and £500,000 in seed money has been assembled. A former Lord Mayor of London, Sir Kenneth Bradshaw, is building the Appeal and the Danish architect Henning Larsen has been selected to design an opera house to be built on a 100 acre site across the lake from Compton Verney. The

The appeals have been spurred on by two favourable portents - the growing popularity of opera and an apparent willingness by business to fund the arts, in particular opera.

structure will cost £35m but Compton Verney needs at least £10m in an endowment fund to finance its early seasons. As part of its fund raising, Compton Verney will host a gala evening tonight at the house attended by the Prince and Princess of Wales and many potential financial supporters. If all goes well Compton Verney hopes to open in June 1994 (the same time as the new Glyndebourne).

It looks like a bold hope. The local council has yet to give planning permission for the 1,200 seater auditorium. It is basically funded by Midlands private and institutional corporations, and one that most pleased him. He was working on a Venetian front, Adam interiors, a James Gibbs stable block and Capability Brown chapel. It seemed like a site crying out for some-

one who will be rewarded, if Glyndebourne is any precedent, with a stake in an eventual money-spinner - an up market theme park.

The fate of Compton Verney is tied to the state of the UK economy. Changes in the Budget, enabling tax concessions of up to £5m to donors to charities - all three institutions have charitable status - might produce the old rich patron but it is corporations that are the initial targets. And, as confidence in the economy wanes, so a willingness, and ability, to support the arts declines.

This is a particular problem for Mr Isaacs who on current plans will be closing the Opera House for three years of long cherished modernisation in 1994 at the same time that Glyndebourne (and Compton Verney) expect to open. Unless he can raise £40m within the next nine months the whole planned £200m re-development scheme, which gives the Opera House the back stage improvements on its current First World War mechanisms which are essential for its survival, will be jettisoned.

Westminster Council has finally approved a re-planned plan, which, by trimming the offices and shops to pay for the modernised Opera House, has doubled the money it must find up front. Now the appeal is going ahead. Mr Isaacs hopes that the seriousness of the Opera House's position will concentrate minds. Given the shortness of time and the huge sums involved he is looking for individual donations in excess of £1m.

"I am categorically determined to do it but I can be no more optimistic than that," says Mr Isaacs. The Government will be asked once more to help ensure the survival of what is a national institution. To twist its arm Mr Isaacs is prepared to promise that if money is forthcoming for this capital project the Government will be able to run down its annual revenue funding. Although every appeal demands a target, and £40m is the best current estimate of what is a national institution, to twist its arm Mr Isaacs is prepared to promise that if money is forthcoming for this capital project the Government will be able to run down its annual revenue funding.

These conflicting demands on a static, or shrinking, corporate purse suggest that some current hopes and ambitions will be dashed. Glyndebourne should get safely home; the Government is unlikely to allow Covent Garden to throw over its development plan (to do so would relegate it to second division status among the world's opera houses and almost certainly precipitate the resignation of its general manager, Compton Verney awaits a financial miracle.

But there may be other victims. If companies divert sizeable proportions of their charitable and sponsorship budgets towards these causes it will greatly diminish the pool available for other art forms, which can get by on much more modest sums. Capital projects, however essential, drain resources from the living arts.

And there is a certain incongruity in the fact that much of the current excitement surrounding opera comes from the imagination of the Ministry of young directors like Nick Hytner, Steven Pimlott and David Jones, who trained in the theatre and who use young singers and creative production techniques to produce their trisomes. They are a generation away in outlook from the opera productions that look to £10,000-a-performance stars and costly costumes and props for their effects. They would argue that opera can flourish without the heavy embrace of the money men.

MAN IN THE NEWS

John Selwyn Gummer

Knee deep in a no win situation

By Bridget Bloom



Mr Edwin Currie, the former junior health minister and victim of one of Britain's periodic food scares, had some advice this week for Mr John Selwyn Gummer, the minister at the eye of the current storm over Mad Cow Disease and the safety of British beef.

"Government ministers," he wrote in the Independent, "should stop jumping around singing their innocence and courage. The public will be more convinced if they stick to a sensible minor and put steady pressure on the industry... to clean up."

That may seem a bit rich coming from a woman whose own outspoken remarks contributed to the panic concerning salmonella in eggs 18 months ago. But although Mrs Currie was careful not to name names, her comment seemed to hit home at Mr Gummer, whose genial affirmations that all is well over the cattle disease Bovine Spongiform Encephalopathy have been widely criticised.

Whether the problem really resides in his demeanour or in something much more fundamental, this week was probably the most difficult in Mr Gummer's political life, and there may be worse to come.

BSE, a disease of the nervous system, has killed more than 13,000 cattle since it was identified in 1986. It had bubbled along in the background as a potential public issue long before Mr Gummer took over as Minister of Agriculture last summer. But it only erupted into a full scale scare with the Ministry's announcement on May 10 that a pet Siamese cat had succumbed to a BSE-like malady.

Within days, the possibility that BSE might jump the species gap and attack humans, together with charges of complacency, incompetence, secretiveness and arrogance against the Minister and his officials, had been blazed across front pages and television screens.

Confusion was fuelled by calls from some scientists for more radical control measures,

including the slaughter of nearly half of the country's cattle herds. By yesterday, local authorities had ordered beef off the menus of 2,000 schools and traders were nervously awaiting the weekend shopping to discover just how seriously consumers were taking the scare.

Thus it seemed that Mr Gummer's assurances that the risk to humans was very remote, that the Government had taken all necessary action, and that British beef was perfectly safe for consumers to eat, had simply had no effect.

There is an irony here. When he took over last July, in the wake of the salmonella affair, Mr Gummer pronounced himself determined to change the widespread public perception that his ministry was the creature of farmers and food manufacturers. Minister of state in the mid-1980s, he knew the ministry well.

All his early statements emphasised the consumer. In the autumn he significantly tightened provisions of the pro-

posed Food Safety Bill, due to come into effect this summer, while he pointedly made his deputy, Mr David Manley, Minister of Food with an enlarged staff.

Critics of the 100-year-old ministry charged that these measures are cosmetic: certainly Mr Gummer is opposed - like Mrs Margaret Thatcher, with whom he is said to be on good terms - to the break up of the ministry and the creation of a separate food agency as called for by the Labour Party.

But his political appreciation of consumers' need for reassurance was genuine enough. So why, in his biggest crisis, has he so far been unable to provide it?

Friend and foe alike charge Mr Gummer - a youthful looking 59 - with lacking the gravitas necessary for a Cabinet minister. But the most important reason must be that Mr Gummer is in a real no win situation with BSE. For with so little known about the disease, few facts can be stated

with total certainty. What people believe - or fear - thus becomes critical, a perfect recipe for a crisis fuelled by emotion and misinformation.

Mr Gummer has taken the logical course of relying on both ministry and independent scientists: all the measures taken to control the disease and assure public safety have been based on their advice, and provide the basis for his confident assertions.

It may be that Mr Gummer's rather more sober performance in answering questions in the House of Commons on Thursday, together with the decision of the parliamentary select committee on agriculture to hold a special enquiry into BSE will take the heat off. But is there more that Mr Gummer could have done?

Whatever the scientists say, he may be forced into extra measures on BSE. In the longer term he could certainly do more to make his ministry's operations more transparent and its officials more responsive to the concerns of ordi-

nary consumers.


There is still a curious backwater about the ministry, as if it sees itself as a world apart from the political hurly-burly. Its officials still tend to be preoccupied with the minutiae of farmgate prices, and rub shoulders in an excessively cosy fashion with their counterparts in the National Farmers' Union and with the big food manufacturers. Certainly the ministry was very slow to respond to BSE, as it was to the salmonella threat and before that, to the dangers of contamination from the Chernobyl nuclear disaster.

It is true that Mr Gummer's penchant for gimmicks and colourful phrases often does not help his case. There were wincing when he told meat traders only two weeks ago that vegetarianism was "wholly unnatural". Mr Gummer - a member of the governing Synod of the Church of England - then quoted the scriptures in defence of carcasses. Neither has he endeavored himself to vegetarians by his reference to the "fascism of food faddists" - not to many women by his opposition to ordaining women priests.

On the other hand, Mr Gummer has achieved some notable coups. He embarked a hostile NFU conference last February to a point where the delegates were practically eating out of his hand.

A subtle and well-informed negotiator, he achieved a settlement at the recent EC farm council which few farmers or officials thought possible. And while he may not have persuaded the dairy industry voluntarily to abandon its cartel, that is not for want of outspokenly trying.

Mr Gummer may well be wise in future to temper his tongue, moderate his exuberance and put on a more sober mien. But it is not principally his fault for ever that of his antiquated ministry that he has not spread total reassurance about BSE. Given the uncertainties and given popular fears, probably no minister could.



GENERALE

REPORT 1989

avourable economic climate, helped us achieve a consolidated net profit three times greater than the Group's previous performance. Our strategic positioning has begun to affect many of the sectors in which we operate and will enable us to continue our growth and sustain a satisfactory level of profitability," stated Hervé de Cammoy, Generale's Chief Executive Officer.

Readjustment per share after the June 1989 share split (2 old shares exchanged for 3 new ones).

* Figures restated in line with the new consolidation rules.

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The Annual General Meeting held on 16 May 1990 approved the accounts for the 1989 financial year and the payment of a net dividend of BEF 84* on ordinary "parts de réserve" shares, BEF 60* on partly paid up shares and BEF 101* on AFV shares.

Total profit before extraordinary items rose from BEF 18.2 billion in 1988 to BEF 32.5 billion in 1989. Generale accounts for BEF 6.1 billion of this profit after tax.

The Group's net consolidated profit for 1989 stands at BEF 21.1 billion, which includes BEF 3.3 billion due to extraordinary items.

With effect from 1989 the Generale Group's consolidated accounts have been based on European and international accounting principles and audited in accordance with generally accepted standards. The 1988 accounts have been restated according to the same international accounting principles for comparison purposes.

*In 1989 we established a clear objective for the Generale Group: to turn it into a Belgian centre of industrial excellence with a European vocation.

For the next seven days one of the Queen's subjects will be living like royalty in Holyrood House, the royal palace in Edinburgh. Yesterday he inspected the guard and gave a reception for 450 people. Later today he will host a palace garden party. Next week he will, with one ceremony, pay a visit to a prison and, by helicopter, to the RAF airbase rescue service.

He is Lord Ross, the Queen's Lord High Commissioner, who represents the sovereign at the General Assembly of the Church of Scotland. For the week that the assembly is in session he ranks immediately below the Queen in the official pecking order in Scotland, and he and his wife are referred to as Their Graces.

Today Lord Ross, who is also Scotland's second most senior judge, attends the opening of the General Assembly on the Mound just below Edinburgh castle. Though he will address the assembly he does not preside over it: the Church of Scotland, the established Church in Scotland, is independent of government, and the detached role of the Lord High Commissioner symbolises it. That independence dating back to the Church of Scotland's declaration of Charles I. in the 17th century, will once again be in evidence at the General Assembly. For the Church of Scotland is one of the most dogged critics of the Government. The assembly is

Sound of sniping from Scottish pews

James Buxton on the Church of Scotland's concern over the Government's social policies

likely to approve "deliverances" blaming Mrs Thatcher's policies for an increase in poverty in Scotland and expressing scepticism over the workings of the market economy.

It is expected to urge the Government to repeal or amend "those aspects of social legislation which militate against the interests of those who are already disadvantaged: for example the community charge, social fund loans, freezing of child benefit, housing benefit regulations." British Steel's decision this week to close the strip mill at Ravenscraig is also certain to feature.

The current Moderator, the Rev Bill McDonald, comments: "This decision, clearly made on economic grounds, means far more than the loss of a part of a great industrial complex and the loss of very many jobs, tragic though that is. Ravenscraig is a symbol of Scottish pride and identity."

Mr Stewart Lamont, a commentator on religious affairs in Scotland and also a minister, says: "The Church of Scot-

land's committees used to confine themselves to reporting on what was going on. Now they raise direct opposition to government policies."

The General Assembly can be seen as the nearest thing to parliament in Scotland. Currently has to a parliament of the 1,384 commissioners (delegates) come from every presbytery (the church's equivalent of dioceses, though the Church of Scotland has no bishops) in Scotland: they are a mixture of ministers and elders, members of congregations who are elevated by a form of ordination to a status below that of minister.

Most of the men who speak for the Church of Scotland are warm figures with a considerable gift for words, such as the Rev Norman Shanks, convener of the Church and nation committee. But somehow the public face of the church leaders is often that of the quiet, deeply conscientious and somewhat austere men from academic posts from among whom the moderator is often chosen.

Of course the assembly is not a democratically elected



Mrs Margaret Thatcher addressing the General Assembly two years ago where she revealed her personal religious creed

parliament. Indeed it would like to see Scotland getting its own devolved parliament and a key member of the Church of Scotland, Canon Kenyon Wright, is a chief figure in the Scottish Constitutional Convention, which is devising a scheme for a Scottish parliament.

Given that the majority of the Scottish population would vote against the Conservatives in a general election it is not surprising that the church often expresses anti-government views. Even so, some members of the church ques-

tion whether it should pronounce on political issues at all, while others think its leadership has been fallen into the hands of socialists.

"I feel the church is swinging more and more to the left," says the Rev Roderick Campbell, a minister in Newton Mearns, a prosperous village outside Glasgow. "There's an edge in a lot of what the Church says which implies that you can't be both a Christian and a Tory."

He believes that socialists have become entrenched in the important church committees,

notably the Church and Nation committee which has a remit to comment on political and social issues. "Ministers should be involved in the politics of the country on a personal level. But it is quite another thing for the church itself to be involved as a church. If the church becomes allied to one political party it becomes hard to communicate with those who do not share its views."

Mr Campbell, who has set up Forum 88, a grouping of Conservative-minded ministers to counter what they see as the leftward drift, says the church should produce constructive reports on social issues that do not automatically follow left-wing orthodoxy.

The Rev James Weatherhead, the Clerk Principal of the Church, puts it differently. He says that the church has the right to examine economic, social and political issues "from a gospel point of view. Making being inherently sinful, it is likely that the church will from time to time find things to criticise, whatever the stance of the Government."

Two years ago Mrs Thatcher addressed the General Assembly.

Others in the church feel it should have exploited the fact that she so openly linked politics and religion.

Mr Lamont believes that the church's political criticism, which he thinks is little different from that of the Church of England, partly reflects the fact that "a lot of ministers coming into the church find a role for themselves in taking a political stance," he says.

bly, revealing her personal religious creed and its justification for a political philosophy favouring wealth generation. The speech continues to be discussed in the Church of Scotland (though it never pronounced on it officially). Many ministers echo the view of the Rev James Whyte, the then moderator, that she stressed the individual at the expense of the community.

Others in the church feel it should have exploited the fact that she so openly linked politics and religion.

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He believes that the majority of members of the church are middle class and slightly right of centre, while the leadership is left of centre. Even so, he thinks that because most Scots feel a particular antipathy to Mrs Thatcher, "a lot of people who are not normally pro-Labour would back the church when it criticises her."

When David Guyett, founder and managing director of DG Controls, decided to invest £500,000 in a new factory, his "worst case" estimate was that interest rates, then at 7½ per cent, would rise to 9 per cent. Three years later Mr Guyett, whose Burton-on-Trent company sells £1m-worth of electronic equipment a year, is paying 17 per cent.

DG Controls is just one of the many small British businesses hit by rising interest rates, as the Government attempts to squeeze inflation out of the economy. Small business owners are increasingly wondering whether the hundreds of thousands of businesses which were encouraged to start up and expand during the 1980s will survive through the 1990s.

The higher interest bill has dented DG Controls' growth plans but the company has been able to maintain its profitability, says Mr Guyett. In contrast, Mary Gentner, founder of Worker's Warehouse, a manufacturer of uniforms and workwear, has made her six full-time employ-

ees redundant and is now running her business down.

Like many small businesses Workers Warehouse is not going spectacularly bust but is attempting to make a quiet exit. The number of small firms which quietly fold means that published figures for receiverships understate the rate of business failure. But those figures are bad enough. Receiverships more than doubled from 260 in the first quarter of 1989 to 543 in the first quarter of this year, according to the accountant PricewaterhouseCoopers.

Stephen Swales, a partner in the specialist insolvency firm of Leonard Curtis, says he is at his busiest since the recession of 1982. The firm has 100 cases currently on file, that number a year ago and dealt with five big insolventcies in March compared with just one 12 months before. "There is no real sign of the situation getting any better," says Mr Swales.

Bob Mounister, who oversees

three National Westminster Bank branches in Brentwood, Essex, confirms that he and his three deputy managers spend more time monitoring accounts than they did a year ago. "You could talk to a businessman, set an overdraft limit and forget about it for 12 months. Now we spend more time reviewing how they are getting on."

Business failures in London and the south-east rose 17 per cent to 8,135 in 1989 compared with increases of just 3 per cent to 1,435 in the West Midlands and of 8 per cent to 1,961 in the north-east, according to the latest regional statistics from Dun & Bradstreet, the business information group. Nationally, failures rose 10 per cent to 15,163.

The problems in the south-east reflect the rapid rate at which new businesses were set up there in the 1980s. The

regional bias towards service industries has also pushed up failure rates. Advertising, media, design and retail companies have featured prominently among the failures handled by Mr Swales.

High house prices in the south-east prompted many business-owners to borrow large sums to set up in business, whereas more modest loans were frequently granted to regions where businesses were forced to proceed more slowly.

Small companies do have some advantages in a downturn. When the going gets tough they can frequently react more rapidly to changing conditions than larger corporations. Small business-owners can also cut back on what they take out of the business during a downturn and work longer hours.

But small businesses are

also more vulnerable than their larger counterparts. They have only limited access to equity finance so are more likely to be highly borrowed. They also have more limited management resources, which means managers are usually fully stretched, combining a variety of roles.

While attention has centred on the high level of interest rates as the main reason for failure, a combination of reasons is usually to blame.

Orwell Steel, a steel erector and fabricator based in Leiston, Suffolk, ceased trading earlier this year under the combined impact of a contract dispute with a customer, rising interest rates and the costs of moving to a new factory. Orwell, which had turnover of £1.2m and a workforce of 40, might have coped with any one of these challenges. But the delay in settling its claim

for payment at a time when interest rates rose from 11 to 17 per cent, bumping up mortgage payments on the new factory, proved too much.

Even when there is no dispute over payment many customers regularly delay settling their bills to ease their cash flow. When the customer is a large company and the supplier is a small firm there is little the small man can do to speed up payments. Small firms wait, on average, 75 days for bills to be settled.

On top of escalating interest payments and the burden of late debt settlement has come the revaluation of commercial property in England and Wales and the introduction of the Uniform Business Rate. This is expected to increase pressure on small businesses, particularly retailers, in the south, where revaluations have been highest.

As many as 45,000 businesses face a tripling of their rate demands and may have to close, warns the Forum of Private Business. The rate increases fall hardest on the very smallest companies, with businesses with turnover of up to £50,000 facing an average increase of 31 per cent compared with rises of just 8 per cent for businesses with sales of between £350,000 and £1.5m.

Tim Eggar, small firms minister, has so far refused calls for action, specifically the introduction of a two-tier system of interest rates to allow small firms to borrow money at a fixed rate lower than that applied to consumer spending and to larger companies. A similar scheme in West Germany pumps £4.5bn a year into small businesses.

Small business lobbyists in the UK have also called for government action to allow small firms to impose automatic interest charges on big companies which fail to settle

their bills in time. But Mr Eggar refused to back a private member's bill aimed at introducing an automatic right to interest when it was debated in February.

Small businesspeople are becoming increasingly disillusioned with the Government's refusal to make concessions. "Small businesses have been hit bloody hard," says Mr Jack Farker, who has recently made redundant four of the 21 employees at his label-printing company, Norfolk Labels. "This Government came in to help small businesses but now it's stamping them out."

What rankles is that the Government expects businesspeople to act as unpaid collectors of VAT and, most recently, of their employees' unpaid poll tax bills. At the same time swingeing penalties for incorrect or late tax returns have been introduced.

Few small businesspeople are temperamentally attracted to Labour but there is no doubt the Conservatives are losing ground. "I have been Tory since I can remember but I am thinking seriously about it," says Mrs Gentner.

LETTERS

Votes should count in local polls

From Mr Jeff Rooker MP.

Sir, The continuing discussion in your pages of what really happened at the local elections earlier this month lacks a crucial ingredient - information on votes.

Yes, we know how many councillors were elected and how many seats changed parties, for that is all that counts under our electoral system. The actual votes do not count. In Wandsworth in 1989 Labour polled 1,000 more votes than the Conservatives yet the latter ran the flagship for four years. Solid proof that winning seats counts, winning votes does not.

This must explain why no organisation in the country,

not even the local authorities, has the duty or responsibility to publish and retain local election figures. Trying to find out how many people voted for each party in a local authority is no easy task. Trying to compare with previous results is sometimes impossible when the council does not even keep records. Why should it? It is seats not votes that matter.

From all the hullabaloo about the Ealing Council result - highlighted only because the Labour Leader has his London home there - you would never realise the Conservatives polled 44 per cent and Labour 38 per cent. I would like to see these figures for every local authority. After all the Poll

Tax is levied across the authority not on a ward-by-ward basis. I am told it will take two years - if I am lucky.

In a democracy I should not need to give reasons nor declare any interest for wanting the information, but I gladly do so.

I wish to use the figures to argue that it is how people actually vote as opposed to which side of an electoral ward boundary they happen to live that should decide how political power is divided up and licensed at election time.

Jeff Rooker, Labour Campaign for Electoral Reform, House of Commons, Westminster, SW1

The saving of Venice

From Mr P.F. Ticher.

Sir, Your depressing report ("Will Expo 2000 be the death of Venice?" Weekend FT May 12) highlights the inability of numerous organisations, from the Italian Government to the Venice in Peril Fund, to really get to grips with the restoration and preservation of that marvellous city.

Is it not time, therefore, to consider establishing an international agency on the lines of the National Trust - an international trust - to take over, co-ordinate and provide the drive for a project of this magnitude and worldwide significance. Once established and successful its operations could be extended to other priceless and timeless treasures such as the pyramids, Easter Island, etc.

The agency which immediately comes to mind as a possible vehicle is Unesco, were it not for the political implications that might develop. However it should not be beyond the wit of people of goodwill to devise a suitable mechanism.

P.F. Ticher, 4 The Cassenway, Sutton, Surrey

No plans for Soviet N-plant

From Mr Anatoly N. Osarov.

Sir, Reference was made to me by name in the report ("Soviet nuclear plant planned", May 5) and I would like to make some clarifications.

The Soviet Foreign Trade Association, Atomenergoprom, renders technical assistance in the field of atomic power engineering to foreign countries, therefore it cannot plan the construction of a nuclear plant anywhere in the Soviet Union. All matters connected with the development of atomic engineering in the Soviet Union are in the full competence of the Soviet Ministry of Atomic Energy and Industry.

As far as plans to construct a nuclear power plant near the Soviet-Finnish border are concerned, according to the latest information there are no plans to construct any plant in Karelia in the immediate future.

Anatoly N. Osarov, Representative of Atomenergoprom, Helsinki, Finland

Production of ozone destroyers to continue

From Ms Tracy Heslop.

Sir, At the risk of spoiling the premature celebrations, I would like to take exception to the article by David Thomas and John Hunt ("Wave on wave of good intentions," May 11).

The Montreal Protocol process, though good news for industry, has not produced results for the environment.

Evidence has been building since 1984 that the damage to the ozone layer caused by chlorofluorocarbons (CFCs) and other chemicals leads to increased blindness, skin cancer and a potential threat to food security.

Despite the existence of safer alternatives, the new Montreal Protocol to be negotiated in June will allow the continued production of ozone destroyers. From 1990 to 1995 18 tonnes of CFC 11 and CFC 12 were produced. The new international agreements will allow a further eight tonnes to be produced from 1997 to 2000 - 50 per cent more. Production of other powerful ozone destroyers will remain uncontrolled.

If the forthcoming World Climate Conference is to be effective in averting global warming, it will have to ignore the precedent set by the Montreal Protocol.

Tracy Heslop, UK Atmosphere Campaigner, Greenpeace, 30-31 Islington Green, N1

The real welfare of South Africa

From Mr N.A. Tomalin.

Sir, In spite of all the evidence that "one man, one vote" is not a sound basis for government in Africa, you persist in putting forward the myth that "genuine democracy must mean majority rule," as indicated in your editorial comment ("The rule of sanctions," May 16).

The information published from time to time in your paper in the last year or so in respect of conditions in most African states shows all too clearly that while the politicians may enjoy the fruits of

one man, one vote, the man-in-the-street in black Africa has little to show in return for the privilege of participating (which means different things in different countries) in an election.

Has it ever occurred to you that Mr de Klerk may have the real welfare of the black and coloured people of South Africa more at heart than do the leaders of black political movements? Whites are not the only minority in that country.

N.A. Tomalin, Highfield, Gussage All Saints, Wimbome, Dorset

Flaw in the childcare debate

From Ms Oriole Goldsmith.

Sir, Your report on the Institute of Directors' ("Pressure for more childcare tax relief," May 16) highlights a key flaw in the current debate on this issue.

"Public debate in the UK has focused on employers' initiatives in the workplace. But in 1988 there were just 50 employer-subsidised schemes, providing 2,000 places. The reality is that, even if this form of provision were to expand dramatically following the recent welcome abolition of tax on workplace nurseries, it can only form one element in ensuring a general improvement in the range and quality of childcare in the UK. Tax relief is one way of helping with childcare expenses, but will benefit only a small number of parents.

Parents and children need choices about childcare. Over-reliance on workplace provi-

sion and shortage of places will limit labour market choice for working parents. Save the Children believes that the example set by our European neighbours of flexible childcare based in the community is the most realistic path forward. Good quality provision should be accessible to working parents in all types of employment: to higher and lower paid, full and part-time.

If the childcare needs of working parents in the 1990s are to be met, a comprehensive national policy on childcare needs to be established. In addition, opportunities for partnerships between local authorities, employers and voluntary agencies must be

Oriole Goldsmith, UK Director, Save the Children, Mary Deichler House, 17 Grove Lane, SE5

WHO HAS MADE HOT NEWS IN DICTATION

UK COMPANY NEWS

Defence document describes £1.03bn hostile bid as a thoroughly lousy offer
Globe assets substantially ahead at 225p

By John Thornhill

GLOBE INVESTMENT Trust, the UK's largest investment trust which is currently under siege from the British Coal Pension Funds, issued its formal defence document yesterday revealing a substantial improvement in net asset value.

Globe estimated that its total net asset value at May 11 had risen to 225p per share, representing an 18 per cent premium to the funds' 191p cash offer.

The trust's share price closed 4 1/4p higher at 225 1/4p in a highly volatile market.

Mr David Hardy, Globe's chairman, said the revaluations showed the funds' £1.03bn bid to be a "thoroughly lousy offer."

But the revised net figure was immediately criticised by the funds which argued that a large part of the increase in value was largely unrealisable for shareholders.

Mr Barry Southcott, managing director of marketable securities at CIN Management, which runs British Coal Pension Funds, said: "We regard these revaluations with a fair degree of scepticism and cynicism. We see nothing to change our view that we have made a generous offer."

The revised net figure showed a big increase on the 212.50p which Globe reported yesterday was the trust's net asset value at the end of its financial year at March 31. And it represented an even larger increase on the 210.00p which was the revised value as of May 11.

The uplift derived from a series of independent revaluations of Globe's assets which yielded a surplus of £30.5m to book value.

Mr David Gregory, a Globe investment manager - who is a "whizz on the figures" according to Mr Hardy - explained that the increase in



Globe defenders - chairman David Hardy (right), director David Gregory (left), and managing director Jimmy West

nav was mainly attributable to a 5.21p per share surplus for Globe's fund management operations, a 4.15p per share adjustment for the value of Globe's debenture stock and a 4p per share adjustment in respect of its final dividend, which would not be paid out if the funds' takeover offer succeeded.

This revaluation, however, also included a "prudent" 1.4p per share write-down in respect of Globe's holding in British & Commonwealth, the teetering financial services group.

Mr Hardy denied that the nav had been artificially boosted because of the bid. "We can live with these valuations," he said.

But Globe also took the opportunity yesterday to renew its attacks on the pension funds' privileged status. Mr Hardy repeated his belief that the bid would have great ramifications for the whole sector if it were to succeed and that was why it should be referred to the Monopolies and Mergers Commission.

"We are saying that the pension funds should not be able

to asset-strip successful investment trusts. They are using their tax-free status to rape us. I think if this bid goes through it is the end of the investment trust movement," he said.

"The coal board's offer is the nastiest short-termism which reflects very badly on the City today," he added. "Globe's financial figures for the year to March 31 1990, showed that its fully diluted nav had risen 3.74 per cent from 205.28p compared with a 3.6 per cent increase in the FT-Actuaries All-Share Index over the same period.

Pre-tax profits advanced to £49.52m (£37.33m) and attributable profits were up 29 per cent to £34.67m. Fully diluted earnings amounted to 6.47p (5.1p) and a final dividend of 4p will bring the total to 5.78p (4.98p), an increase of 16 per cent.

In all, Globe's income advanced to £55.21m (£31.1m). Of this £39.08m (£37.03m) derived from quoted investments; £7.84m (£7.27m) came from unlisted investments; £14.37m (£4.16m) from interest income; and £3.94m (£2.64m) from other sources. See Lex

Bank pledges support after Charterhall shows £26m loss

Nikki Tall

CHARTERHALL, the heavily-gear, UK-listed subsidiary of Westmer, an Australian investment company which went into liquidation in February, has secured ongoing support from its banker.

The State Bank of New South Wales, Charterhall's present and only banking backer, has agreed to continue existing facilities and to provide additional facilities.

According to Charterhall, the total facilities now amount to a little less than £100m. They are available for an initial period ending on September 30 1991.

News of the agreement came as Charterhall, the shares of which were suspended at 9 1/4p in December, declared a pre-tax loss of £26m and an attributable loss of £26.5m for the six months to end-December, partly due to heavy exceptional costs and interest charges.

The company has also "reappraised" the value of its operating subsidiaries, namely the Corah/Textured Jersey textile business and Tandem Shoes, a footwear retailing business.

This has led to a provision of £47.4m against cost of Charterhall's investment in these subsidiaries. The group's intangible assets will be written down by a similar amount in the current year's accounts.

As a result, the book value of Charterhall's assets is now less than half of its issued share capital, which totals £25.5m. Under the 1985 Companies Act, that requires shareholders to be given an opportunity to discuss the situation. An extraordinary general meeting has been called for June 13.

Charterhall declined to say the precise figure for its assets in the light of the write-down. It did add, however, that "it is difficult to attribute ongoing values to businesses which are in the process of being reorganised and rationalised" and told shareholders that net book value should not be taken "as an indication of the current sale value of those subsidiaries."

During the six month period, Charterhall's sales were £37.5m, of which £17.3m came from discontinued activities. The operating loss was £4.3m - the footwear retailing deficit was £2m, clothing manufacturing £458,000 and £1.84m came from "other" activities.

There are also plans to appoint a new chief executive and finance director. The board added that it was talking to the Stock Exchange about information that might be required to get the suspension of the shares lifted.

As part of the price of its ongoing support, the State Bank has - somewhat unusually - requested subscription warrants in respect of 5 per cent of the equity of both Tandem Shoes and Corah. The bank refused to elaborate on its reasons, or details of these arrangements. They will, however, require shareholder approval and notices of an offer to consider the matter will be despatched shortly.

Charterhall is also offering to buy out the preference shares in Corah, its 100 per cent-owned clothing manufacturing subsidiary, at 100p a share. The offer values the entire preference capital at £327,760. Charterhall said that the shares had been quoted at 85p on Wednesday, and the offer was therefore pitched at an 82 per cent premium.

Michael Peters US disposal

By Alice Rawsthorn

MICHAEL PETERS Group, the struggling design company, has reached conditional agreement to sell Hambrecht Tarrill International, its loss-making New York-based retail design business, to Space Design International, a US design consultancy.

Peters, which needs to raise capital to reduce its debts, hopes to sell other subsidiaries outside its core businesses of packaging and corporate design. It is close to completing a refinancing package which would involve bringing in an external investor.

Mr Robert Silver, deputy chairman, said Peters was "in advanced discussions with a number of interested parties" and hoped to complete the refinancing in the next few months. Peters shares, worth 90p only a year ago, were static at 16p yesterday.

If the sale of HTI goes through, it will mark the end of a sad saga for Peters. It bought HTI two years ago for \$10m (£6m) in an attempt to broaden the base of its business. Shortly after completion the US retail design industry slid into recession.

The industry, which has suffered from the combination of sluggish consumer spending and the leveraged bids and buy-outs in the US stores sector, is still in a precarious state.

These problems were compounded by the illness of Mr Jim Tarrill, one of HTI's founders. Mr Tarrill had been diagnosed as HIV positive before Peters struck the deal. His condition was disclosed in the acquisition document. Mr Tarrill subsequently died.

HTI made a pre-tax loss of \$614,000 in the financial year to June 30. It was still in the red in the first half of this year, when the Peters Group plunged from pre-tax profits of \$1.07m to losses of £339m.

Space Design, which is based in Cincinnati, has agreed to buy HTI for a nominal sum, but will take on its bank borrowings of \$606,000. Space Design has yet to discuss the acquisition with HTI's employees but, according to Mr Silver, "the deal is as good as done".

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Conder shares dive on warning

By Jane Fuller

CONDER GROUP is the latest company in the building and property sector to warn of falling profits.

At the annual meeting yesterday, Mr Christopher Stewart-Smith, chairman, said this year's pre-tax profit, which was £1.04m, was significantly lower than last year's £1.04m, made on turnover of £300.3m.

This was partly because of at least £2m of further losses on

three curtain walling contracts - similar to losses incurred on these in 1989 - and partly because of the slump in construction.

The share price, which was recently as March was 910p, plummeted from 615p to 360p before recovering modestly to 360p. There was little actual trade in the tightly held shares.

Mr Stewart-Smith explained

that two of the three problem curtain walling contracts had been inherited with the purchase of Elements two years ago. One London contract had been delayed by a year causing a costly overrun with another contract in the capital.

Yesterday was the first time shareholders had been told that the initial impact of this had been to reduce 1989 profits by 28m; even so, last year's sizable profit was two-thirds up on the previous year.

Mr Stewart-Smith expressed disappointment that the company had not succeeded in getting the operational improvements it had hoped for. It was now facing difficulty in meeting the contractor's completion date.

On the general construction climate, he said that although the company was not involved in housebuilding, like-for-like turnover was about 16 per cent down on last year. The decline took root in the third quarter of 1989 and "it is possible the market is still falling."

The company had trimmed overheads, for example by laying people off in certain areas. He stressed that Conder had no net debt and no non-recourse borrowings. The property development activities were small, accounting for 10 to 15 per cent of profit, and he said they had not yet encountered difficulties.

The annual meeting also approved the splitting of each 25p share into five at 5p. The reason given for this in the annual report now reads with a little irony: "a handsome market following increases in the price of the shares."

Huntingdon Intl in \$26m US expansion

By Jane Fuller

HUNTINGDON International Holdings is extending its site testing operations in the US with the \$26.2m (£16.5m) acquisition of Southwestern Laboratories.

The purchase, which involves borrowings in the US, is being accompanied by the placing of 4.4m new shares, 5 per cent of the current share capital, to raise \$33.5m.

The placing is being made at 30p per share compared with yesterday's unchanged 32p. Mr Jamie Carnwath, finance director, said the geotechnical services offered by SWL included drilling holes on development sites to investigate ground conditions and making recommendations about the foundations required.

The group also does environmental testing - to check for underground contamination. SWL operates in Texas and Louisiana, the same states as

two smaller environmental testing concerns acquired by Incheape, the services and marketing group, earlier this week.

Huntingdon, which is also listed on the New York stock exchange, already has operations based on the East Coast, in the Mid-West, Denver and northern California. More than half of its 2,400 staff are in the US.

Mr Carnwath said that after the deal and the placing, gearing would rise to about 40 per cent from 30 per cent. SWL, a privately-owned company with 600 staff, made a pre-tax profit of \$11,000 on turnover of \$30.8m in the year to July 31 1989. It improved pre-tax profit to \$18.08m in the subsequent six months. Huntingdon said it would not dilute group earnings.

The purchase price entails \$26m for the stock and \$6.2m for properties.

Falcon Resources to change name for USM quote

By Philip Coggan

FALCON RESOURCES, the oil and gas company which has had its shares suspended since 1988, hopes to gain a quotation on the Unlisted Securities Market under the new name of United Energy.

A deal has not yet been finalised but it plans to raise about \$4.5m in a combined placing and rights issue at 5p. Details are expected to be sent to shareholders shortly and an extraordinary general meeting to approve the refinancing has been set for June 18.

Falcon's accounts for the years 1987-7 were filed until last year. The heavily-qualified figures showed pre-tax losses for the three years of £3.65m, £2.21m and \$904,000. After the departure of Mr

Ronnie Monk, the former chairman, a group of businessmen including Mr Anthony Alderton, Mr James Butterfield and Mr Tony Hoskinson has been attempting to resuscitate the group.

Hornby progress

Mr Jack Strouger, chairman of the Hornby Group, told the annual meeting that following a record 1989 year the directors were looking forward to a continuing strong performance for the current year.

He added that both sectors of the group's business were continuing to do well.

Wiltshire buys Rush & Tompkins offshoot

By Jane Fuller

ANOTHER part of Rush & Tompkins, the failed development group, has been sold off by the receivers, Touche Ross.

Wiltshire, a public unquoted company involved in construction and interior contracting, has bought Rush and Tompkins' Midland operation, which is based in Nottingham and employs more than 100 people.

Five of the contracts acquired are said to be worth about £10m.

LWT and TVS form joint sales company

By Vanessa Houlder

London Weekend Television, the London television contractor, and TVS, the south of England television company, announced yesterday an agreement to form a joint sales company.

The new company is expected to make cost savings on administrative services although it will sell the two areas separately.

The company, which will be based at LWT's offices, is expected to be in operation in October.

NFC to extend fleet use with purchase of book distributor

By Andrew Hill

NFC is to extend the use of its 300 newspaper distribution vehicles by using some of them to handle book distribution during the day.

The former National Freight Corporation has bought Britain's largest independent book distributor, Kent-based DMS, for an unspecified sum.

DMS handles distribution for Mille & Bown, Unwin & Hyman, BBC Books and Bloomsbury Publishing, and provides data systems and accounts servicing through its sister company Kent Computer Services.

DMS will join NFC's Exel Logistics-Newsflow subsidiary, which distributes national newspapers.

Government should make ACT reform an urgent priority - Burmah
Leading multinationals pile on the pressure

By Andrew Bolger

A GROUP of leading British multinational companies - including BP, Burmah, BAT and RTZ - will renew pressure on the Treasury to ease what they consider to be the unfair burden imposed on them by Advanced Corporation Tax.

Under the ACT system the Inland Revenue collects tax at 25 per cent on dividends which can be offset against 35 per cent UK corporation tax. But some multinationals with large overseas earnings do not earn enough at home to offset all the ACT they have paid.

In September, 13 British multinationals wrote to the Chancellor urging reform - BP, BOC, Burmah, Courtaulds, Gestetner, Glaxo, GKN, Johnson Matthey, Lucas Industries, Plessey, RTZ, Smithkline Beecham and Tate & Lyle.

Although their lobbying did not affect the Budget, the issue is likely to be raised again at Tuesday's meeting of the standing committee on the Finance Bill. The Treasury has long resisted proposals to reform the system, which could have substantial costs to the Exchequer.

Mr John Maltby, chairman of Burmah, speaking yesterday at the company's annual meeting of shareholders, complained of the handicap put on companies with large overseas earnings by ACT, which was introduced in the early 1970s.

Mr Maltby declared: "These consequences have become so onerous that I believe the Government should make reform of ACT an urgent, and essential, priority."

Mr Maltby complained that it "distorts investment decisions" and means that for com-

panies with substantial non-UK income part of their earnings in effect suffer double taxation. This, he said, reduced their competitiveness overseas compared with UK and overseas companies who did not have surplus ACT.

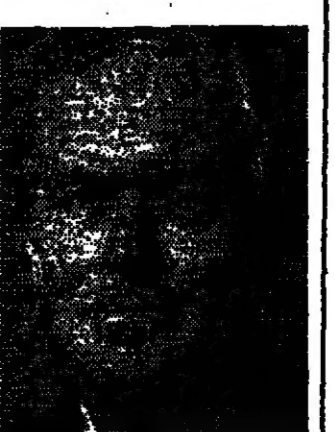
It depressed the cash flow and earnings per share and had an adverse effect on their share price. It could also "inhibit distribution and reinvestment policies." Because of its large proportion of earnings overseas, Burmah is estimated to have some £20m locked up in ACT which it has not yet been able to recover, including some £8m in respect of the year just ended. Over the whole UK spectrum, the total is said to run into at least £750m.

Mr Maltby argues that ACT "should be what its name suggests - payment of corpora-

tion tax in advance. But the fact is surplus ACT is a minimum tax, not a pre-payment and a peculiar burden for companies such as Burmah with a high proportion of overseas earnings."

He said: "It is quite simply an unnecessary burden upon UK-based multinational companies which have to compete and succeed in highly competitive world markets. And it is particularly inappropriate at a time when the single European market is just around the corner."

"Our national economy cannot afford to discriminate against the skills and experience which companies like Burmah have acquired in global markets; it needs our technology and our foreign currency earnings in particular."



John Maltby, chairman of Burmah: ACT distorts investment decisions

THE EXPLORATION COMPANY plc and EL ORO MINING & EXPLORATION COMPANY plc

Extract from the Chairman, Michael Woodbine Parfitt's, Statement.
£1000 invested in Exploration in 1989 became £167,500 by December 1989.
£1000 invested in El Oro Mining & Exploration in 1989 became £250,000 by December 1989.
£1000 invested in War Loan in 1989 became £250 by 1989.
In 1980 the combined assets of these companies were £257,000; by the end of 1989 combined assets had grown to £417,500, which with dividends and tax paid of £17,000, brings the total to £434,500.
Report & Accounts available at £2.50.
41 Chancery Place, London SW1W 7EW

ECONOMIC DIARY

TODAY: Mr F.W. de Klerk, President of South Africa, meets Mrs Margaret Thatcher, Prime Minister, in London. Meeting of European Community general affairs council in Paris.

TOMORROW: National savings results (April). Roman election. Foreign ministers of Austria, Italy, Hungary, Yugoslavia and Czechoslovakia meet in Vienna. Union of Communication Workers annual conference in Jersey. EETPU annual conference in Blackpool. National Union of Public Employees annual conference in Blackpool.

WEDNESDAY: London and Scottish banks' monthly statement (April). Provisional estimates of monetary aggregates (April). US budget summit. Start of two-day meeting of European Community agricultural council in Brussels. European Community energy council meets in Brussels. Start of two-day Financial Times conference on "European Transport in the 90s" at Hotel Inter-Continental, London.

THURSDAY: Finished steel consumption and stock changes (first quarter provisional). Andean summit in Cuzco of leaders from Venezuela, Ecuador, Bolivia, Peru and Colombia. Officials from the Group of 24 Western industrialised countries meet in Brussels to discuss programme of aid for Eastern Europe. NATO defence ministers meet in Brussels. General strike in Greece. Syrian general elections. British Airways results.

FRIDAY: Building societies monthly figures (April). Engineering sales and orders at current and constant prices (March). Mr Mikhail Gorbachev, Soviet President, holds talks in Moscow with Mr Francois Mitterand, French president.

LONDON TRADED OPTIONS

Turnover in the derivative markets remained high yesterday, as the impact of Thursday's sharp rally continued to ripple through dealing and investment houses. Trading in equity futures was again the focus of attention, while the FT-SE index showed only a slight decline from the previous day's hectic level of activity.

The acute shortage of stock which lay behind Thursday's surge eased slightly. But some market makers continued to purchase futures to cover their books. Institutional investors bought futures.

But the session began with the

turnover in the derivative market at a premium of nearly 80 points, as the previous day's squeeze persisted. The tide turned when institutions started to take profits.

This produced an abrupt change in sentiment in the stock market, with dealers marking prices lower. The futures market's premium contracted sharply and traded for most of the day 30 points above the cash index.

The June FT-SE closed at 2,225, a loss of 34 points on the day. Its closing premium stood at 28 points, compared with fair value of around 20 points. In the options market, total turnover amounted to 48,445 contracts, compared

with nearly 80,000 the previous day. Yesterday's total was divided between 53,257 calls and 15,188 puts.

The FT-SE index options turned over 16,122 lots, just below Thursday's turnover, and comprised 8,358 calls and 7,764 puts. The May 2,300 calls series, at 1,938, was the busiest.

Among the stock options, Hanson was the most active, as its shares moved ahead against a falling market in brick trade. A total of 3,158 contracts changed hands, divided between 2,913 calls and 245 puts. The August 240 call series, at 1,442 contracts, proved to be the most popular.

Option	CALLS	PUTS
Jan	Feb	Mar
ASX 100	400 18 36 47 19 25 29	400 18 36 47 19 25 29
ASX 100	500 3 9 - 97 99	500 3 9 - 97 99
ASX 100	100 34 14 24 3 6 7	100 34 14 24 3 6 7
ASX 100	110 4 11 13 1 11 11	110 4 11 13 1 11 11
ASX 100	120 4 11 13 1 11 11	120 4 11 13 1 11 11

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FT-ACTUARIES SHARE INDICES

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INTERNATIONAL COMPANIES AND FINANCE

AUSTRALIAN BREWERS

Elliott gives up day-to-day control of Elders IXL

By Kevin Brown in Sydney

THE RESTRUCTURING of Elders IXL, the Australian brewing, finance, resources and agribusiness conglomerate, moved into a fresh phase yesterday as Mr John Elliott relinquished day-to-day control.

The Elders board said in a short statement after a meeting in Melbourne that Mr Elliott was resigning as chief executive and would be replaced by Mr Peter Bartels, head of the group's brewing operations.

However, Mr Elliott remains chairman of both Elders and Harlin Holdings, the private company which owns 55.3 per cent of Elders.

Mr Elliott's resignation as chief executive was foreseen, according to a March announcement, a restructuring plan for Elders under which the group would be renamed Posters Brewing following the disposal of its non-brewing operations.

The restructuring was

intended to provide a capital return of A\$2.2bn (US\$1.66bn) to shareholders, largely as a means of recapitalising Harlin, which is thought to have negative net worth of around A\$800m.

Mr Elliott had intended to relinquish day-to-day control following the completion of the restructuring. However, the timing of the handover has been brought forward because of mounting pressure on Elders' share price, which has increased Harlin's debt problems.

The shares, which peaked at A\$2.44 before the restructuring announcement, fell to a low of A\$1.62 last month, when the UK Government asked the Monopolies and Mergers Commission to review Elders' plans for a \$366m (US\$600m) pub-brewery swap with Grand Metropolitan.

Elders has also been forced to delay plans to float its agribusiness division because of

the weakness of the Australian share market, and announced last week that it was negotiating a A\$50m line of credit with a syndicate of banks to replace its existing financing arrangements.

The group is understood to be hoping that the promotion of Mr Bartels will help to persuade the Monopolies and Mergers Commission to allow the deal with Grand Metropolitan to proceed. Elders has been referred to the commission twice before under Mr Elliott's leadership.

Mr Elliott's move will also help to weaken the links between Elders and Harlin, which have attracted criticism from Australian analysts. However, he remains one of four Harlin representatives on the Elders board, along with four independent directors and Mr Bartels.

Elders shares closed 3 cents higher before the announcement yesterday, at A\$1.84.

Axa to sell property group for FF3.2bn

By George Graham in Paris

COMPAGNIE du Midi, the holding company controlled by France's Axa insurance group, is to sell one of its big property holdings for FF3.2bn (US\$480m) to Magnat, a former tannery bought in December as a shell holding company by a group of financiers.

Magnat will bid FF4,066 a share for Entrepreneurs et Magasins Généraux de Paris, which owns a large portfolio of warehousing in Paris and Marseille, valuing the company at FF3.2bn. Magnat, which owns 92 per cent of Entrepreneurs, said it would accept the offer, netting an after-tax capital gain of FF2.2bn.

The sale continues a series of disposals since Axa, the mutual insurance group headed by Mr Claude Bébéar, took control of the Midi conglomerate in 1989.

Mr Bébéar regards only Midi's insurance activities as strategic, and is ready to shed its industrial, property and financial holdings. Subsidaries already sold include Classe, a seeds company, Brasseries et Glacières Internationales, West Africa's leading brewer, and Garonor, a large road transport depot near Paris.

Last month, Sir James Goldsmith's Haystack consortium dropped its bid for BAT Industries and with it Axa's associated \$4.5bn offer for Farmers Group, BAT's US insurance subsidiary.

Mr Bébéar is not discouraged by becoming progressively more active in exploring other acquisition possibilities.

Analysts estimate that Axa could raise at least another \$2.5bn from the sale of other non-strategic assets, without involving the government, as it plans to do to finance part of the Farmers purchase.

Assurances Générales de France (AGF), the French state-owned insurance company, is set to beat Paris-Puteaux for the insurance, more than FF1.8bn for the approval of AGF's board, but if ratified, will represent a price of more than FF1.4bn for the 11,500 square metre building.

Central Paris commercial property prices have been rocketing over the past year. The glazed Avenue Montaigne, which became cheaper when the elegant fashion designers, has fetched up to FF10,000 per square metre, but only two small prestige buildings facing the Arc de Triomphe have exceeded the price to be paid by AGF.

Heat is on for swimwear makers

Alice Rawsthorn finds that a hot summer may answer many prayers

There was Betty Grable with her film legs and cheesecake smile in a slinky swimming costume. Then there was Brigitte Bardot tossing long blonde locks in an itty-bitty bikini. Now there are thousands of bronzed bodies soaking up the sun in swimsuits and bermuda shorts on sandy beaches.

Behind the frivolous facade of scantily-clad film stars and bronzed beach babes, the \$4bn international swimwear industry has been blitzed by leveraged bids and buy-outs.

This week Speedo US, one of the biggest swimwear companies in North America, staged a \$85m buy-out from Warnaco. Speedo's European business has been for sale since the collapse of Warnaco's US-based parent company, in January. The future of Speedo in Australia has been clouded by uncertainty since its owner, the Linter Group, called in the receivers.

The turmoil at Speedo comes little more than a year after Catalina and Cole, two other large US companies, were bought by Taren Industries which owned a vast clothing empire. And Adidas, the West German sportsware giant which owns the world's most famous swimwear brand, is in the midst of restructuring.

One of the catalysts for this wave of bids and buy-outs is the instability of the swimwear market. Swimwear sales are highly seasonal. More than half the swimwear sold in the US this year will be bought between May and July. The market is also dependent on the weather that it is notoriously difficult for companies to predict likely demand.

The industry's experience last year acts as an apt illustration. The European market was stimulated by the sunny summer weather. Du Pont, the US chemicals and fibres group, estimates that sales across Europe rose by 8 per cent to 125m units during the year.



Betty Grable: her slinky costume started it all

However, the US market was weak. Consumer spending was sluggish and the retail sector was destabilised by a wave of corporate activity. The US market was also depressed by the dull summer weather. Du Pont suggests that 36.4m women's swimsuits were sold in the US in 1989, slightly more than in the previous year but well below the 40m sold in 1988.

This means that, while many European manufacturers sold out early in the season, their US counterparts were left with surplus merchandise. In the

longer term it means that the industry has been - and will probably always be - prone to volatile stocks and cashflow crises.

The problems posed by the unstable market is compounded by the polarised structure of the swimwear industry, which is divided between a handful of huge international groups and hundreds of smaller companies.

Cole Catalina and Jantzen, part of the IVE Corporation, are the main manufacturers in the US. Götter of Israel and MB International of Italy are powerful players in Europe. The market for serious, or performance, swimwear is dominated worldwide by Speedo and Arena, the Adidas subsidiary.

The rest of the industry is fragmented between small, privately owned companies which tend to concentrate on their domestic markets. The existence of these smaller concerns tends to depress the profitability of the big groups.

Seasonal sales, over-dependence on the weather and a proliferation of small companies have ensured that the fortunes of the industry have been volatile. As a result, some of the larger players have shut down from owner to owner. Cole and Catalina were sold, for example, in the last five years they have had three different owners: Gulf & Western, Wickes and now Taren.

The changes at Speedo have been more dramatic. The Speedo name is licensed worldwide by Speedo International, a subsidiary of Linter, the Australian textile group. Linter, also the licensee for Speedo in Australia, went into receivership in January. The receivers are expected to announce their plans for the business by the end of next month.

Pentland, the UK consumer products group linked to Reebok, the US sportsware company, is rumoured to be a potential buyer for Speedo's European business.

Pentland was also involved in this week's leveraged buy-out of Speedo US. It has emerged as a minority shareholder in the company with an option to acquire a majority interest in the future.

Ostensibly these new investors have entered the swimwear industry at a favourable time. The underlying trends are mostly encouraging.

Swimming is increasingly popular as a sport. Swimwear is also becoming more fashionable thanks to the influence of designers such as Norma Kamali of the US and Lizzy Bruce in the UK. Chunky 1980s swimwear and bikinis are fashionable for women. The surfwear craze is encouraging men to buy baggy bermudas and cycling shorts as well as the more usual trunks.

Even the concern about skin cancer, which is putting people off sunbathing, has stimulated sales by encouraging people to wear less skimpy swimwear as protection against the sun. The road for people to take holiday throughout the year means the market will become less seasonal.

Yet the outlook for the industry is far from rosy. The chief cause for concern is the impact on the American market of the problems of the US department stores. The squeeze at the big stores groups, such as Bloomingdale's and Macy's, has serious implications for companies such as Cole and Catalina, which depend on the stores for a large part of their business.

It is too soon to tell how the department stores' problems will affect swimwear sales this summer. So far the market has followed the same pattern as last year, buoyant in Europe, but sluggish in the US.

The industry's prospects will be determined by the weather. The swimwear manufacturers, like the people who buy their trunks, are hoping for a long, hot summer.

Bond Brewing moves towards deal with banking syndicate

By Kevin Brown

BOND BREWING Holdings, says Mr Alan Bond's troubled business empire, yesterday appeared to be moving towards a settlement with a banking syndicate led by National Australia Bank (NAB) to which it owes A\$480m (US\$660m).

Negotiations are expected to continue throughout the week-end in an attempt to avoid a lengthy court case due to begin in Melbourne on Tuesday.

Bond Brewing is claiming compensation from the banking syndicate, which sought to have the company put into the hands of receivers earlier this year, ultimately without success.

The syndicate acted after receiving a court judgment that the loan was due and payable, but Bond Brewing Holdings had the imposition of receivers overturned in a further court action.

Talks between the company and the banks are thought to

have been delayed by the publication of Thursday of NAB's interim results.

However, both sides privately indicated yesterday that a deal was imminent to avoid the costs of the court hearing, which is expected to last at least two months.

The deal is likely to revolve around a discounted buy-back of Bond Brewing Holdings debentures.

Agreement would clear the way for the sale of the company to Bell Resources, an independent managed subsidiary of Bond Corporation Holdings, or to Lion Nathan, the New Zealand brewer.

Meanwhile, problems appear to be growing again for Bond Media, a 50 per cent subsidiary of Bond Media, which was last week granted an extended deadline by another NAB-led syndicate to complete a A\$300m refinancing deal.

The bank syndicate, which is owed A\$300m, gave Bond

Media more time to complete the deal after it said it was close to agreement for more than A\$200m in fresh equity with potential investors in Australia, the US and New Zealand.

However, broadcasting executives are becoming increasingly concerned that the Australian Government is about to reduce the permissible level of foreign ownership of television stations from 100 per cent to 20 per cent.

Mr Warren Jones, chairman of Bond Media, said this could "create great difficulties" for the company, which is thought to be seeking around 35 per cent foreign ownership. Bond Media's main asset is Australia's Channel Nine television network.

The federal Cabinet is expected to discuss the issue next week. It is not clear what would happen to existing foreign stakes if the ceiling was lowered.

Media's main asset is Australia's Channel Nine television network.

The federal Cabinet is expected to discuss the issue next week. It is not clear what would happen to existing foreign stakes if the ceiling was lowered.

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Wallenbergs fear investor

By John Burton in Stockholm

THE PURCHASE of 50,000 shares in investor, the Wallenberg family investment company, by Mr Sven-Olof Johansson has ignited speculation that the family-owned property developer is preparing to launch a second greenmail attempt against Sweden's dominant financial dynasty.

Mr Johansson forced the family last month to pay SEK4.4m (US\$742m) to buy out his 24 per cent voting stake in Scab-Scania after he demanded a seat on the board.

Investor is one of the two main investment companies through which the Wallenbergs control many of Sweden's blue-chip companies.

Although his current equity stake in Investor amounts to only 0.15 per cent, Mr Johansson could use the SEK1.3bn in capital gains netted from the Scab-Scania deal to buy about 10 per cent of Investor's equity, although this is still far short of the 24 per cent shareholding held by the Wallenbergs.

Mr Johansson is perhaps betting that the Wallenbergs would rather buy his shares in their companies at a premium than let him retain a substantial holding.

The dilemma for the Wallenbergs is that as long as they do so, they are in danger of financing a new round of greenmail threats.

US banks feel the pinch

By Alan Friedman in New York

THE difficult outlook for the US banking system was underscored yesterday by problems at banks in New Jersey, California and Washington, DC.

First Fidelity, the \$90-billion bank, announced yesterday that its non-performing assets could jump by 40 per cent for the second quarter of 1990. The level at the end of the first quarter was \$604m. The bank's non-performing assets were \$1.2bn at the end of the first quarter, the second quarter could be as much as \$300m, which implies a substantial loss.

Columbia Savings & Loan said its retail deposits had fallen by \$243m since it reported a \$591m 1989 loss

four weeks ago. With \$300m of first-quarter withdrawals the thrift has lost about 16 per cent of its \$2.5bn deposit base since the start of 1990.

Columbia, which suffered a \$1.2bn loss in the first quarter of the current year, is saddled with huge holdings of junk bonds that have lost much of their value.

The National Bank of Washington, the main operating bank of the firm, from the Washington Bancorp, the commercial bank that last week defaulted on its commercial paper obligations, is understood to have been borrowing this week from the Federal Reserve's discount window.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	Year 1990	High 1990	Low 1990
Gold per troy oz.	\$368.75	+0.75	\$365.75	\$450.25	\$307.25
Silver per troy oz.	\$17.55	+0.15	\$17.40	\$21.75	\$14.00
Aluminium 99.7% (cash)	\$1518.0	-18.5	\$2290	\$1855	\$1390.0
Copper Grade A (cash)	\$1573.0	-11.5	\$1842.5	\$1747.5	\$1304.5
Lead (cash)	\$248.5	-2.5	\$242	\$241.5	\$241.5
Nickel (cash)	\$257.5	-33.5	\$1300m	\$1022.5	\$907.5
Zinc SHG (cash)	\$1712.5	-12.5	\$1865	\$1869	\$1290
Tin (cash)	\$2100	-10	\$2020	\$2020	\$150
Cocoa Futures (Jul)	\$544	+9.5	\$738	\$244	\$222
Coffee Futures (Jul)	\$24.5	+7	\$1229	\$757	\$597
Sugar (LDP Raw)	\$248.0	-4.30	\$230.0	\$230.0	\$150
Barley Futures (Nov)	\$115.75	-	\$108.00	\$116.00	\$103.45
Wheat Futures (Jun)	\$122.90	+1.90	\$116.40	\$128.45	\$111.00
Cotton Outlook A Index	\$67.70	+0.05	\$77.00	\$68.70	\$50.00
Wool (44 Super)	\$38.0	-0	\$15.00	\$38.0	\$38.0
Oil (Brent Blend)	\$17.525	-	\$17.525	\$21.975	\$18.475

For terms unless otherwise stated, rounded, p.m. (cash), c.m. (oil)

London Markets

SPOT MARKETS

Cash oil (per barrel FOB) +0.05 |

Crude oil (per barrel FOB) +0.05 |

Brent Blend +0.05 |

WTI (1st oil) +0.05 |

Oil prompt delivery (per tonne CIF) +0.05 |

Premium Gasoline +0.05 |

Gas Oil +0.05 |

Heavy Fuel Oil +0.05 |

Naphtha +0.05 |

Petroleum Argus Estimates +0.05 |

Other +0.05 |

Gold (per troy oz.) +0.50 |

Silver (per troy oz.) +0.50 |

Platinum (per troy oz.) +0.50 |

Palladium (per troy oz.) +0.50 |

Aluminium (per tonne) +0.50 |

Copper (US Producer) +0.50 |

Lead (US Producer) +0.50 |

Nickel (three month) +0.50 |

Tin (Kuala Lumpur market) +0.50 |

Tin (New York) +0.50 |

Zinc (US Prime Western) +0.50 |

Cattle (live weight) +0.50 |

Sheep (live weight) +0.50 |

Pigs (live weight) +0.50 |

London daily sugar (raw) +0.50 |

London daily sugar (white) +0.50 |

Yate and Lyle export price +0.50 |

Barley (English feed) +0.50 |

Maize (US No. 3 yellow) +0.50 |

Wheat (US Dark Northern) +0.50 |

Rubber (Jum) 55.50 +0.50 |

Rubber (Jum) 55.50 +0.50 |

Rubber (RSS No 1) 55.50 +0.50 |

Cocoon oil (Philippines) +0.50 |

Palm Oil (Malaysia) +0.50 |

Copra (Philippines) +0.50 |

Soyabean (US) +0.50 |

Cash "A" index +0.50 |

Wool (US Super) +0.50 |

SUGAR - London FOX

Raw Close | Previous | High/Low |

Aug 318.20 323.80 | 325.00 | 318.00 |

Oct 317.60 322.40 | 323.00 | 317.40 |

Dec 318.00 320.00 | 320.00 | 318.00 |

Mar 301.00 306.40 | 306.20 | 302.40 |

May 301.00 304.80 | 304.80 | 304.80 |

Aug 301.00 304.80 | 304.80 | 304.80 |

White Close | Previous | High/Low |

Jul 425.5 437.5 | 425.5 | 434.0 |

Aug 425.5 437.5 | 425.5 | 434.0 |

Mar 380.0 381.0 | 382.5 | 378.0 |

Aug 380.0 381.0 | 382.5 | 378.0 |

Turnover: Raw 1451 (1489) lots of 50 tonnes.

White 785 (832)

Parts: White (FF per tonne): Aug 2454, Oct 2500, Dec 2500, Mar 2500, May 2500

CRUDE OIL - LSE Close | Previous | High/Low |

Jul 17.77 17.77 | 17.80 | 17.73 |

Aug 18.07 17.85 | 18.02 | 17.88 |

Sep 18.07 18.05 | 18.15 | 18.07 |

IPE Index: 17.81 17.85 | 17.85 | 17.85 |

Turnover: 10538 (6653)

CRUDE OIL - LSE Close | Previous | High/Low |

Jul 154.25 153.75 | 154.00 | 153.75 |

Aug 154.00 154.00 | 155.50 | 154.25 |

Sep 154.00 154.00 | 155.50 | 154.25 |

Oct 154.00 154.00 | 155.50 | 154.25 |

Nov 154.00 154.00 | 155.50 | 154.25 |

Dec 154.00 154.00 | 155.50 | 154.25 |

Jan 154.00 154.00 | 155.50 | 154.25 |

Turnover: 5011 (4483) lots of 100 tonnes

CRUDE OIL - LSE Close | Previous | High/Low |

Jul 154.25 153.75 | 154.00 | 153.75 |

100

AS GARY MORGAN, SURETY, do
 KNOWS (U.S.A.)
 SIBLING DANA & TRUST.

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

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Continued on next page

FT MANAGED FUNDS SERVICE

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UK				EUROPE				AMERICA				ASIA				AFRICA				OVERSEAS			
Fund Name	Code	Price	Yield	Fund Name	Code	Price	Yield	Fund Name	Code	Price	Yield	Fund Name	Code	Price	Yield	Fund Name	Code	Price	Yield	Fund Name	Code	Price	Yield
Northwestern Asset Management Ltd																							
Northwestern UK	0001	100.00	4.50	Northwestern Europe	0002	100.00	4.50	Northwestern America	0003	100.00	4.50	Northwestern Asia	0004	100.00	4.50	Northwestern Africa	0005	100.00	4.50	Northwestern Overseas	0006	100.00	4.50
Prudential Life Assurance Ltd																							
Prudential UK	0007	100.00	4.50	Prudential Europe	0008	100.00	4.50	Prudential America	0009	100.00	4.50	Prudential Asia	0010	100.00	4.50	Prudential Africa	0011	100.00	4.50	Prudential Overseas	0012	100.00	4.50
Royal Liver Assurance																							
Royal Liver UK	0013	100.00	4.50	Royal Liver Europe	0014	100.00	4.50	Royal Liver America	0015	100.00	4.50	Royal Liver Asia	0016	100.00	4.50	Royal Liver Africa	0017	100.00	4.50	Royal Liver Overseas	0018	100.00	4.50
Standard Life Assurance Co Ltd																							
Standard Life UK	0019	100.00	4.50	Standard Life Europe	0020	100.00	4.50	Standard Life America	0021	100.00	4.50	Standard Life Asia	0022	100.00	4.50	Standard Life Africa	0023	100.00	4.50	Standard Life Overseas	0024	100.00	4.50
Swedish Life Assurance Co Ltd																							
Swedish Life UK	0025	100.00	4.50	Swedish Life Europe	0026	100.00	4.50	Swedish Life America	0027	100.00	4.50	Swedish Life Asia	0028	100.00	4.50	Swedish Life Africa	0029	100.00	4.50	Swedish Life Overseas	0030	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0031	100.00	4.50	Swiss Life Europe	0032	100.00	4.50	Swiss Life America	0033	100.00	4.50	Swiss Life Asia	0034	100.00	4.50	Swiss Life Africa	0035	100.00	4.50	Swiss Life Overseas	0036	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0037	100.00	4.50	Swiss Life Europe	0038	100.00	4.50	Swiss Life America	0039	100.00	4.50	Swiss Life Asia	0040	100.00	4.50	Swiss Life Africa	0041	100.00	4.50	Swiss Life Overseas	0042	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0043	100.00	4.50	Swiss Life Europe	0044	100.00	4.50	Swiss Life America	0045	100.00	4.50	Swiss Life Asia	0046	100.00	4.50	Swiss Life Africa	0047	100.00	4.50	Swiss Life Overseas	0048	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0049	100.00	4.50	Swiss Life Europe	0050	100.00	4.50	Swiss Life America	0051	100.00	4.50	Swiss Life Asia	0052	100.00	4.50	Swiss Life Africa	0053	100.00	4.50	Swiss Life Overseas	0054	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0055	100.00	4.50	Swiss Life Europe	0056	100.00	4.50	Swiss Life America	0057	100.00	4.50	Swiss Life Asia	0058	100.00	4.50	Swiss Life Africa	0059	100.00	4.50	Swiss Life Overseas	0060	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0061	100.00	4.50	Swiss Life Europe	0062	100.00	4.50	Swiss Life America	0063	100.00	4.50	Swiss Life Asia	0064	100.00	4.50	Swiss Life Africa	0065	100.00	4.50	Swiss Life Overseas	0066	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0067	100.00	4.50	Swiss Life Europe	0068	100.00	4.50	Swiss Life America	0069	100.00	4.50	Swiss Life Asia	0070	100.00	4.50	Swiss Life Africa	0071	100.00	4.50	Swiss Life Overseas	0072	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0073	100.00	4.50	Swiss Life Europe	0074	100.00	4.50	Swiss Life America	0075	100.00	4.50	Swiss Life Asia	0076	100.00	4.50	Swiss Life Africa	0077	100.00	4.50	Swiss Life Overseas	0078	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0079	100.00	4.50	Swiss Life Europe	0080	100.00	4.50	Swiss Life America	0081	100.00	4.50	Swiss Life Asia	0082	100.00	4.50	Swiss Life Africa	0083	100.00	4.50	Swiss Life Overseas	0084	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0085	100.00	4.50	Swiss Life Europe	0086	100.00	4.50	Swiss Life America	0087	100.00	4.50	Swiss Life Asia	0088	100.00	4.50	Swiss Life Africa	0089	100.00	4.50	Swiss Life Overseas	0090	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0091	100.00	4.50	Swiss Life Europe	0092	100.00	4.50	Swiss Life America	0093	100.00	4.50	Swiss Life Asia	0094	100.00	4.50	Swiss Life Africa	0095	100.00	4.50	Swiss Life Overseas	0096	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0097	100.00	4.50	Swiss Life Europe	0098	100.00	4.50	Swiss Life America	0099	100.00	4.50	Swiss Life Asia	0100	100.00	4.50	Swiss Life Africa	0101	100.00	4.50	Swiss Life Overseas	0102	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0103	100.00	4.50	Swiss Life Europe	0104	100.00	4.50	Swiss Life America	0105	100.00	4.50	Swiss Life Asia	0106	100.00	4.50	Swiss Life Africa	0107	100.00	4.50	Swiss Life Overseas	0108	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0109	100.00	4.50	Swiss Life Europe	0110	100.00	4.50	Swiss Life America	0111	100.00	4.50	Swiss Life Asia	0112	100.00	4.50	Swiss Life Africa	0113	100.00	4.50	Swiss Life Overseas	0114	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0115	100.00	4.50	Swiss Life Europe	0116	100.00	4.50	Swiss Life America	0117	100.00	4.50	Swiss Life Asia	0118	100.00	4.50	Swiss Life Africa	0119	100.00	4.50	Swiss Life Overseas	0120	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0121	100.00	4.50	Swiss Life Europe	0122	100.00	4.50	Swiss Life America	0123	100.00	4.50	Swiss Life Asia	0124	100.00	4.50	Swiss Life Africa	0125	100.00	4.50	Swiss Life Overseas	0126	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0127	100.00	4.50	Swiss Life Europe	0128	100.00	4.50	Swiss Life America	0129	100.00	4.50	Swiss Life Asia	0130	100.00	4.50	Swiss Life Africa	0131	100.00	4.50	Swiss Life Overseas	0132	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0133	100.00	4.50	Swiss Life Europe	0134	100.00	4.50	Swiss Life America	0135	100.00	4.50	Swiss Life Asia	0136	100.00	4.50	Swiss Life Africa	0137	100.00	4.50	Swiss Life Overseas	0138	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0139	100.00	4.50	Swiss Life Europe	0140	100.00	4.50	Swiss Life America	0141	100.00	4.50	Swiss Life Asia	0142	100.00	4.50	Swiss Life Africa	0143	100.00	4.50	Swiss Life Overseas	0144	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0145	100.00	4.50	Swiss Life Europe	0146	100.00	4.50	Swiss Life America	0147	100.00	4.50	Swiss Life Asia	0148	100.00	4.50	Swiss Life Africa	0149	100.00	4.50	Swiss Life Overseas	0150	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0151	100.00	4.50	Swiss Life Europe	0152	100.00	4.50	Swiss Life America	0153	100.00	4.50	Swiss Life Asia	0154	100.00	4.50	Swiss Life Africa	0155	100.00	4.50	Swiss Life Overseas	0156	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0157	100.00	4.50	Swiss Life Europe	0158	100.00	4.50	Swiss Life America	0159	100.00	4.50	Swiss Life Asia	0160	100.00	4.50	Swiss Life Africa	0161	100.00	4.50	Swiss Life Overseas	0162	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0163	100.00	4.50	Swiss Life Europe	0164	100.00	4.50	Swiss Life America	0165	100.00	4.50	Swiss Life Asia	0166	100.00	4.50	Swiss Life Africa	0167	100.00	4.50	Swiss Life Overseas	0168	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0169	100.00	4.50	Swiss Life Europe	0170	100.00	4.50	Swiss Life America	0171	100.00	4.50	Swiss Life Asia	0172	100.00	4.50	Swiss Life Africa	0173	100.00	4.50	Swiss Life Overseas	0174	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0175	100.00	4.50	Swiss Life Europe	0176	100.00	4.50	Swiss Life America	0177	100.00	4.50	Swiss Life Asia	0178	100.00	4.50	Swiss Life Africa	0179	100.00	4.50	Swiss Life Overseas	0180	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0181	100.00	4.50	Swiss Life Europe	0182	100.00	4.50	Swiss Life America	0183	100.00	4.50	Swiss Life Asia	0184	100.00	4.50	Swiss Life Africa	0185	100.00	4.50	Swiss Life Overseas	0186	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0187	100.00	4.50	Swiss Life Europe	0188	100.00	4.50	Swiss Life America	0189	100.00	4.50	Swiss Life Asia	0190	100.00	4.50	Swiss Life Africa	0191	100.00	4.50	Swiss Life Overseas	0192	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0193	100.00	4.50	Swiss Life Europe	0194	100.00	4.50	Swiss Life America	0195	100.00	4.50	Swiss Life Asia	0196	100.00	4.50	Swiss Life Africa	0197	100.00	4.50	Swiss Life Overseas	0198	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0199	100.00	4.50	Swiss Life Europe	0200	100.00	4.50	Swiss Life America	0201	100.00	4.50	Swiss Life Asia	0202	100.00	4.50	Swiss Life Africa	0203	100.00	4.50	Swiss Life Overseas	0204	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0205	100.00	4.50	Swiss Life Europe	0206	100.00	4.50	Swiss Life America	0207	100.00	4.50	Swiss Life Asia	0208	100.00	4.50	Swiss Life Africa	0209	100.00	4.50	Swiss Life Overseas	0210	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0211	100.00	4.50	Swiss Life Europe	0212	100.00	4.50	Swiss Life America	0213	100.00	4.50	Swiss Life Asia	0214	100.00	4.50	Swiss Life Africa	0215	100.00	4.50	Swiss Life Overseas	0216	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0217	100.00	4.50	Swiss Life Europe	0218	100.00	4.50	Swiss Life America	0219	100.00	4.50	Swiss Life Asia	0220	100.00	4.50	Swiss Life Africa	0221	100.00	4.50	Swiss Life Overseas	0222	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0223	100.00	4.50	Swiss Life Europe	0224	100.00	4.50	Swiss Life America	0225	100.00	4.50	Swiss Life Asia	0226	100.00	4.50	Swiss Life Africa	0227	100.00	4.50	Swiss Life Overseas	0228	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0229	100.00	4.50	Swiss Life Europe	0230	100.00	4.50	Swiss Life America	0231	100.00	4.50	Swiss Life Asia	0232	100.00	4.50	Swiss Life Africa	0233	100.00	4.50	Swiss Life Overseas	0234	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0235	100.00	4.50	Swiss Life Europe	0236	100.00	4.50	Swiss Life America	0237	100.00	4.50	Swiss Life Asia	0238	100.00	4.50	Swiss Life Africa	0239	100.00	4.50	Swiss Life Overseas	0240	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0241	100.00	4.50	Swiss Life Europe	0242	100.00	4.50	Swiss Life America	0243	100.00	4.50	Swiss Life Asia	0244	100.00	4.50	Swiss Life Africa	0245	100.00	4.50	Swiss Life Overseas	0246	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0247	100.00	4.50	Swiss Life Europe	0248	100.00	4.50	Swiss Life America	0249	100.00	4.50	Swiss Life Asia	0250	100.00	4.50	Swiss Life Africa	0251	100.00	4.50	Swiss Life Overseas	0252	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0253	100.00	4.50	Swiss Life Europe	0254	100.00	4.50	Swiss Life America	0255	100.00	4.50	Swiss Life Asia	0256	100.00	4.50	Swiss Life Africa	0257	100.00	4.50	Swiss Life Overseas	0258	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0259	100.00	4.50	Swiss Life Europe	0260	100.00	4.50	Swiss Life America	0261	100.00	4.50	Swiss Life Asia	0262	100.00	4.50	Swiss Life Africa	0263	100.00	4.50	Swiss Life Overseas	0264	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0265	100.00	4.50	Swiss Life Europe	0266	100.00	4.50	Swiss Life America	0267	100.00	4.50	Swiss Life Asia	0268	100.00	4.50	Swiss Life Africa	0269	100.00	4.50	Swiss Life Overseas	0270	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0271	100.00	4.50	Swiss Life Europe	0272	100.00	4.50	Swiss Life America	0273	100.00	4.50	Swiss Life Asia	0274	100.00	4.50	Swiss Life Africa	0275	100.00	4.50	Swiss Life Overseas	0276	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0277	100.00	4.50	Swiss Life Europe	0278	100.00	4.50	Swiss Life America	0279	100.00	4.50	Swiss Life Asia	0280	100.00	4.50	Swiss Life Africa	0281	100.00	4.50	Swiss Life Overseas	0282	100.00	4.50
Swiss Life Assurance Co Ltd																							
Swiss Life UK	0283	100.00	4.50	Swiss Life Europe	0284	100.00	4.50	Swiss Life America	0285	100.00	4.50	Swiss Life Asia											

WORLD STOCK MARKETS

AMERICA

Dow lower on bonds and foreign weakness

Wall Street

A COMBINATION of softer stock prices overseas and weakness in the Treasury bond market on interest rate concerns sent the equity market lower yesterday morning, writes *James Bush in New York*.

At 2pm, the Dow Jones Industrial Average was quoted 11,877 points lower at 2,504.14 on modest volume of 88m shares. The Dow had closed 12.03 points higher at 2,531.71 on Thursday, a record high.

The Treasury's benchmark long bond was quoted 1/4 point lower at midsession for a yield of 8.67 per cent, after the US Federal Reserve announced unexpected sales of Treasury securities, which drained liquidity from the banking system.

The Fed has made it clear this week that it is not easing monetary policy from the current Fed funds target rate of 8 1/2 per cent, in spite of a renewed campaign for lower interest rates by the Administration.

Yesterday, Mr Robert Black, President of the Federal Reserve Bank of Richmond, said that an inflation rate of 4 per cent to 5 per cent was not tolerable. Mr Black is one of the more hawkish of Fed officials but it is not a voting member of the Federal Open Market Committee.

There is no doubt that the euphoria in the Treasury bond market triggered by April's weak employment data and a fall in producer prices last

month has waned. This may make it extremely difficult for the equity market, which has been following the Treasury bond market closely, to make further headway from this week's record highs.

Next week sees another batch of economic data including April durable goods orders, preliminary first quarter GNP and personal income and consumption figures for last month. The bond market also has to absorb larger than usual sales of two-year and five-year bonds.

Among blue chip issues yesterday, IBM slipped 3/4% to \$115 1/2, Coca-Cola was down 1/4% to \$42 1/2, and General Motors edged 1/4% lower to \$49 1/2. Philip Morris, one of the most actively traded stocks yesterday, fell 1/4% to \$43 1/2 on profit-taking from Thursday's rally on news of its plans to acquire East Germany's largest tobacco factory.

Prime Motor Inns which added 1 1/4% to \$13 1/2 which was one of the most actively traded stocks during the morning session. The stock has been rising recently and yesterday's buying appeared to be on a wave of short-covering.

Home Depot jumped 3/4% to \$35 1/2, its highest level in a year, continuing Thursday's rally after the brokerage, Prudential Bache Securities, repeated a buy recommendation for the stock to its institutional clients.

In over-the-counter trading, Emerson Associates, a provider of environmental consulting services, jumped 1 1/4% to \$17 1/2 after Kidder Peabody raised its rating for the stock.

Microsoft slipped 3/4% to \$67 1/2 after analysts at Cowen & Co recommended an aggressive purchase programme. In contrast, Apple Computer fell 1 1/4% to \$40 after Paine Webber downgraded its recommendation for the company.

Canada

TORONTO stocks followed Wall Street lower at midsession. A fall in Canada's consumer price index failed to cheer the market as it was not expected to lead to lower interest rates. The composite index dropped 5.4 to 2,504.0 on volume of 11.81m shares. Declines led advances by 200 to 182.

Wheel of fortune turns full circle for Mexico

Richard Johns reports on a stock market revival

SARING above the Paseo de la Reforma, the main thoroughfare of central Mexico City, is the futuristic spire of the new Bolsa Mexicana de Valores (BMV).

The shell of the structure has been awaiting completion and active occupancy for the best part of two years. The main tower has seemed a symbol of the stock exchange's aspiration to regain, on a sounder basis, the manic heights reached in the speculative ascent preceding the stock market crash of October 1987.

A month ago, the BMV made its move. On that day the BMV general index reached yet another historic nominal high; last Monday, it broke through the 500,000 level.

In dollar terms, the index had recovered by yesterday to about 90 per cent of the peak it reached on October 5 1987. Market capitalisation at the end of last week was just over \$2,000m pesos, the equivalent of \$33.1bn compared with about \$35bn at the high point before the crash.

The wheel has, in a sense, turned full circle. The 1987 high was attained on the day after Mr Carlos Salinas de Gortari was proclaimed president. Institutional Revolutionary Party (PRI), and the 1988-90 recovery because of the confidence engendered by Mr Salinas and his policies.

Will it last? It can be said that the BMV which, three years ago, was acutely sensitive to market developments elsewhere, was unaffected by the collapse of the Nikkei in Japan and the nervousness of the Dow in New York last autumn.

This year, the FT-Asturias Mexico index has risen by around 50 per cent in dollar terms; last year, they more than doubled on the same basis.

Improved margins and profit expectations, in spite of a price freeze on most goods, have been bullish factors for the corporate sector.

The other main phenomenon in the equity market has been the entry of foreign capital, encouraged by the establishment late last year of a system allowing foreigners to buy non-voting "neutral" shares.

According to the Instituto

del Depósito de Valores, the central depository organisation owned by the brokerage houses, direct investment amounted to the equivalent of \$450m by the start of May.

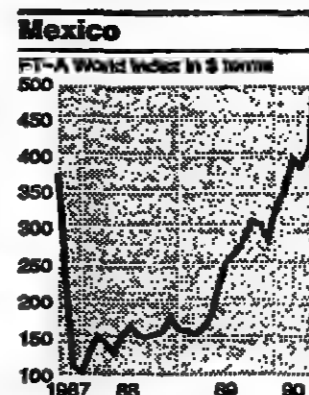
Banco de Santander of Spain has given Mexico a strong vote of confidence with the purchase of \$100m worth of equities. Indirect investment through the closed-end Mexico Globe Fund established by the broker Inverlat and the Rothschilds has reached \$140m.

Hitherto, CAPs have been out of bounds for foreign investors. Until "secondary" legislation has been passed by Congress, following the Chamber of Deputies' approval of privatisation, this will continue to be the case. But investment scope allowed to non-Mexicans has been considerable and far greater than generally appreciated.

Firstly, there has been the Mexico Fund quoted on the New York and London stock exchanges. Secondly, there have been the increasing number of marketable equities quoted on the US NASDAQ system in the form of American Depository Receipts for a handful of Mexican companies — not the least of which is Telmex. Thirdly, foreign participation in mutual stock and fixed interest funds has long been allowed up to 49 per cent of ownership.

International investor confidence is high at the moment. This sentiment persists in spite of worries over an inflation rate officially put at 10.8 per cent for the first four months of 1990, which is probably higher than the annualised 23 to 24 per cent calculated officially in April; of concern over a yawning current account deficit; and of worries over labour discipline.

Future Mexican bank shareholders expropriated in 1982, well compensated and successfully diversified into other financial services, are salvaging the prospect of regaining their holdings. Legislation for future bank ownership remains to be defined. Meanwhile, the present sector average p/e of about 15 and book/equity value of 1.1 look reassuring compared with 36 and 8.1 respectively before the fall of '87, and "21 Crack Burell".



FT-Asturias Mexico Index in 3 months

EUROPE

Property transactions enliven Paris trading

FORMER front runners were indecisive or flagging this week, apart from Sweden which rose above a couple of poor corporate performances, writes *John Hargrave in Paris*.

PARIS saw property stories, and profit-taking before the close of the trading account next Tuesday. The CAC 40 index lost 3.77 to 2,100, a marginal rise on the week. Volume was around 1.7bn.

Midl was unchanged at FF1,369 after hitting a high of FF1,384, as its announcement that it would make a FF2.2bn net gain on the sale of its property subsidiary EMPG was offset by rumours that the Italian insurer Generali might sell some or part of its 15.37 per cent stake in Midl.

Paribas fell FF7 to FF964 after reaching FF710 on speculation that it would sell a prime office building in Paris to AGF, the insurance company; the story was confirmed after hours.

Michelin, which came with

poor results earlier in the week, lost FF5.50 to FF128.20. Lafarge, which made hefty gains earlier in the week on rumours that Hanson of the UK would take it over, lost FF4 to FF155 with 246,310 shares traded.

FRANKFURT's indecisiveness continued, as a rise in early trading was reduced to a fraction by the close. The DAX index firmed 4.01 to 1,648.59 after a 11.55 rise to 1,639.15 in the FAZ at midsession.

Volume rose slightly, from DM6.6bn to DM7.3bn. Early bullishness stemmed from the government's sharp upward revision in tax revenue estimates for 1990 and 1991, which laid to rest some of the worries that monetary union with East Germany could overstretch the country's financial capacity.

The mood turned in midsession, after the Bundesbank announced a lighter-than-expected price for the latest federal government bond issue. For the full week, the DAX and

posted losses of 1.7, and 1.1 per cent.

In the banking sector, Commerzbank climbed DM2.50 to DM297 after its chairman indicated a rise in the 1990 dividend. Elsewhere, some stocks, like the construction group, Hochtief, regained part of recent losses; others, like Munich R, gave back part of their gains.

MILAN closed higher with demand shifting to the industrial blue-chips from banking and telecommunications stocks. The Comit index rose 2.85 to 724.09, up 3.3 per cent on the week. Generali built on its recent gains to close L310 better at L24,490. Fiat, which has lagged behind the market recently, climbed L105 to L10,390.

The chemical sector was boosted by prospects of a film acquisition for Enimont, which is expected to be announced on Monday. Enimont moved up L27 to L1,448 while Montedison added L34 to L1,971 ahead of

announcing its results today. AMSTERDAM made early gains on hopes that the discount rate would be lower early next week, but it failed to hold on to them. The CBS Tendency index reached 124.3, a rise of 2.1 per cent on the week.

Royal Dutch, ex-dividend of F14.40, closed F15.10 lower at F14.70 as investors switched into the London-listed Shell and Shell Transport, Aegion, which announced first quarter earnings late Thursday, went ex-dividend of F13.55 and closed F12.14. Philips ended 50 cents off at F13.00 but was five per cent above last Friday's level of F13.40.

STOCKHOLM was torn between Thursday's poor quarterly results from Volvo and Elektrokon, and the drop in domestic interest rates. The Allshare index closed 2.5 higher at 1,285.5, up 1.2 per cent on the week. The index was torn between Thursday's poor quarterly results from Volvo and Elektrokon, and the drop in domestic interest rates.

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another good day, posting an SKR21 rise to SKR56 after good first quarter figures late on Wednesday, and several positive analyses.

ZURICH held on to some of its gains yesterday after a week marked by profit-taking and some good individual performances. The Credit Suisse index rose 2.3 to 625.3, a fraction lower over five days, and Roche beaters had their second good day in a row, up SF125 to SF170.

MADRID saw more profit-taking with the electricity and construction sectors bearing the brunt. The general index ended 1.10 lower at 283.96 in good volume of around 1.5bn shares. The market was mostly weaker except Banco which was thought to be supporting its own shares during the placing of its industrial subsidiary, Asturiana de Zinc.

A heavy Piasa, or 5 per cent rise in the Piasa, they more than doubled on the same basis. Improved margins and profit expectations, in spite of a price freeze on most goods, have been bullish factors for the corporate sector.

The other main phenomenon in the equity market has been the entry of foreign capital, encouraged by the establishment late last year of a system allowing foreigners to buy non-voting "neutral" shares.

SOUTH AFRICA

GOLD shares closed sharply lower on worries about the direction of the bullion price, and on gloomy analyst forecasts that gold shares would look expensive after dividends are paid in June. The all-gold index fell 36 to 1,658.

ASIA PACIFIC

Nikkei falls as caution takes over

Tokyo

THE MARKET remained locked in a tug-of-war between an urge to take profits and buying interest for incentive-backed issues. Caution had the upper hand by the end of trading, writes *Michiko Nakamoto in Tokyo*.

Early gains were wiped out by the morning close on news of a greater-than-expected rise in money supply growth in April, reinforcing fears of higher inflation. Share prices retreated further in later trading with the Nikkei average falling to a low of 31,870.48.

The leading index, however, managed to recover some of its decline and closed with a drop of 47.38 points at 32,032.72, a rise of 1.6 per cent on the week. The intraday high was at 32,203.18. Losers were more than double gainers at 654 to 508 and 164 issues were unchanged.

Reflecting the increasingly hesitant mood, turnover fell further to 490m shares from 500m on Thursday. The Topix index of all listed stocks lost 10.97 to 2,288.26 and in London, the ISE/Nikkei 60 index fell 1.79 to 1,776.52.

High technology issues with strong earnings potential were sought after in early trading but quickly fell to profit-taking. Sony fell ¥70 to ¥6,860 while TDK lost ¥60 to ¥6,500.

Sumitomo Electric advanced ¥80 to ¥1,560 on news that it had developed a high-tempera-

ture ceramic superconductive. Furukawa Electric was another issue pursued by its strength in this field, rising ¥20 to ¥600.

Honshu Paper, which has gained strongly on rumours that a speculative group was buying into the issue, emerged second on the volumes list with 11.7m shares and a rise of ¥220 to ¥2,590.

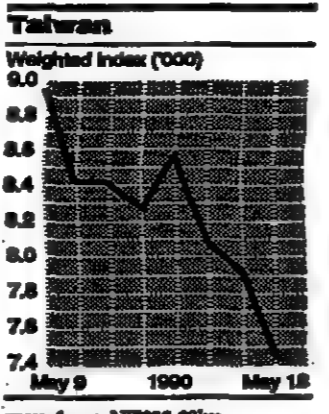
But Nippon Mining, which had been bought on speculation of restructuring in the oil industry, fell from favour. It was first in trading volume with 13.7m shares and fell ¥40 to ¥1,030.

Concern that the market had been overbought kept investors wary in Osaka. The OSX average, however, managed a modest gain of 34.27 which took it to 34,681.58. Trading was lethargic with volume down to 42.9m shares from 53.1m on Thursday.

Roundup

PACIFIC Rim markets gave a mixed performance, with Taiwan and Manila falling heavily on political concerns while New Zealand was buoyed by gains on overseas markets.

TAIWAN fell to its lowest level since April 1989 on political uncertainty and growing fears about capital outflow from the country. The weighted index dropped 50.21 to 8,444 per cent, to 7,416.98, the largest single day ever. Turnover eased to NT\$72.60bn



May 9 1990 May 18

series index fell 3.4 to 1,478.1, down 0.4 per cent on the week. Turnover fell to 70m shares or \$201m. Westpac fell a further 9 cents to \$4.27 in heavy turnover of 6.5m shares following Thursday's news of poor results and increasing debt. Western Mining Corp lost 4 cents to \$4.36, a two-year low, as brokers downgraded their earnings estimates.

HONG KONG edged higher after three days of losses on hopes that China might allow its leading dissident Fang Lihui to leave the country. The Hang Seng index rose 8.25 to 2,925.85, down 1.3 per cent on the week. The index was buoyed by a rise in the HSI-30 index from 1,350.00 to 1,354.00.

SEOUL fell on profit-taking after two days of gains but came off its lows on intervention from institutions. The composite index fell 7.25 to 786.15, up 0.5 per cent on the week. Turnover fell to 155.5m won from 279.5m won.

SINGAPORE was firmer on foreign buying. The Straits Times index rose 3.97 to 1,552.83, up 1.3 per cent on the week. The index was buoyed by a rise in the SSI-30 index from 1,350.00 to 1,354.00.

KUALA LUMPUR was firmer on bargain-hunting. The composite index rose 6.07 to 526.13, up 1.0 per cent on the week, and turnover improved to 38.5m shares from 24.1m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 17 1990				WEDNESDAY MAY 16 1990				DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Day's Change %	US Dollar Index	Day's Change %	Pound Sterling Index	Day's Change %	1990 High	1990 Low	Year Ago (approx)	
Australia (51)	132.74	-1.2	116.41	-1.1	132.74	-1.2	116.41	-1.1	132.74	125.85	135.28	
Austria (18)	222.68	-0.1	221.60	-0.1	222.68	-0.1	221.60	-0.1	222.68	195.15	118.31	
Belgium (61)	153.81	+0.3	134.72	+0.1	153.81	+0.3	134.72	+0.1	153.81	150.12	130.33	
Canada (120)	122.15	+0.3	119.41	+0.8	122.15	+0.3	119.41	+0.8	122.15	120.37	137.43	
Denmark (24)	251.82	+0.6	220.65	+1.0	251.82	+0.6	220.65	+1.0	251.82	230.82	174.53	
Finland (28)	141.91	+2.3	124.45	+1.5	141.91	+2.3	124.45	+1.5	141.91	129.99	143.90	
France (125)	187.14	+0.6	148.58	+1.2	187.14	+0.6	148.58	+1.2	187.14	161.89	114.92	
West Germany (93)	181.84	-0.5	115.71	-0.1	181.84	-0.5	115.71	-0.1	181.84	171.82	70.92	
Hong Kong (48)	121.07	-0.9	106.18	-0.9	121.07	-0.9	106.18	-0.9	121.07	112.24	136.32	
Ireland (17)	182.84	-0.1	160.44	+0.2	182.84	-0.1	160.44	+0.2	182.84	172.72	141.15	
Italy (98)	105.77	+1.0	92.76	+0.4	105.77	+1.0	92.76	+0.4	105.77	104.15	153.17	
Japan (124)	162.41	-0.8	151.87	-0.5	162.41	-0.8	151.87	-0.5	162.41	148.96	113.81	
Malaysia (35)	222.61	+0.1	166.29	+0.1	222.61	+0.1	166.29	+0.1	222.61	204.15	184.10	
Mexico (19)	488.68	+2.4	428.58	+2.4	488.68	+2.4	428.58	+2.4	488.68	324.39	132.14	
Netherlands (43)	143.84	+0.0	128.15	+0.3	143.84	+0.0	128.15	+0.3	143.84	140.43	113.81	
New Zealand (17)	127.43	+0.5	111.76	+0.8	127.43	+0.5	111.76	+0.8	127.43	120.43	89.19	
Norway (23)	241.20	-0.1	211.53	+0.0	241.20	-0.1	211.53	+0.0	241.20	202.94	183.27	
Singapore (28)	199.12	+0.5	174.33	+0.8	199.12	+0.5	174.33	+0.8	199.12	179.70	181.17	
South Africa (30)	183.80	+1.0	169.87	+1.0	183.80	+1.0	169.87	+1.0	183.80	173.84	148.39	
Spain (42)	183.32	-0.7	143.23	-0.4	183.32	-0.7	143.23	-0.4	183.32	173.84	148.39	
Sweden (26)	202.62	+1.5	177.70	+1.0	202.62	+1.5	177.70	+1.0	202.62	173.84	148.39	
Switzerland (66)	100.84	+0.5	88.63	+0.9	100.84	+0.5	88.63	+0.9	100.84	88.75	68.63	
United Kingdom (305)	155.79	+3.4	136.63	+2.7	155.79	+3.4	136.63	+2.7	155.79	153.87	146.39	
USA (537)	143.18	+0.1	125.87	+0.1	143.18	+0.1	125.87	+0.1	143.18	142.87	128.81	
Europe (285)	145.15	+1.2	128.18	+1.1	145.15	+1.2	128.18	+1.1	145.15	140.66	118.10	
Nordic (118)	192.71	+1.3	174.23	+1.3	192.71	+1.3	174.23	+1.3	192.71	185.25	157.20	
Pacific Basin (600)	150.53	-0.3	132.02	-0.2	150.53	-0.3	132.02	-0.2	150.53	144.74	124.63	
Euro-Pacific (1645)	149.15	+0.0	130.81	+0.1	149.15	+0.0	130.81	+0.1	149.15	144.74	124.63	
North America (567)	142.65	-0.2	125.11	+0.2	142.65	-0.2	125.11	+0.2	142.65	144.74	124.63	
Europe Ex. UK (830)	138.49	-0.1	121.45	+0.1	138.49	-0.1	121.45	+0.1	138.49	138.49	124.63	
Pacific Ex. Japan (206)	127.43	+0.5	111.76	+0.8	127.43	+0.5	111.76	+0.8	127.43	120.43	89.19	
World Ex. UK (2070)	145.10	+0.3	127.25	+0.8	145.10	+0.3	127.25	+0.8	145.10	138.49	124.63	
World Ex. So. Af. (2315)	145.74	+0.1	127.82	+0.3	145.74	+0.1	127.82	+0.3	145.74	145.74	124.63	
World Ex. Japan (1921)	144.18	+0.6	125.44	+0.5	144.18	+0.6	125.44	+0.5	144.18	144.18	124.63	
The World Index (2375)	146.03	+0.1	128.07	+0.3	146.03	+0.1	128.07	+0.3	146.03	146.03	124.63	

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LONDON SHARE SERVICE

BRITISH FUNDS						BRITISH FUNDS - Contd						AMERICANS - Contd					
1989 Low	1990 High	1990 Low	1990 High	1990 Low	1990 High	1989 Low	1990 High	1990 Low	1990 High	1989 Low	1990 High	1990 Low	1990 High	1990 Low	1990 High		
"Sheets" (Lives up to Five Years)																	
99.97	97.78	97.78	97.78	97.78	97.78	99.97	97.78	97.78	97.78	99.97	97.78	97.78	97.78	99.97	97.78		
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97.78	97.78	97.78	97.78	97.78	97.78	97.78	97.78	97.78	97.78	97.78	97						

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Cont'd

Components

Components	
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Profit taking subdues markets surge

By John Authers, Terry Byland and Andrew Marshall

PROFIT TAKING yesterday brought to an end a week of soaring prices on London's financial markets which has left some market makers with large losses.

The FTSE 100 share index closed down 15.3 points on the day at 2,269.1, having been briefly 37 points up by 9am. This left it 93.2 points, or 4.3 per cent, above last week's close. Gilt closed broadly unchanged and sterling eased slightly.

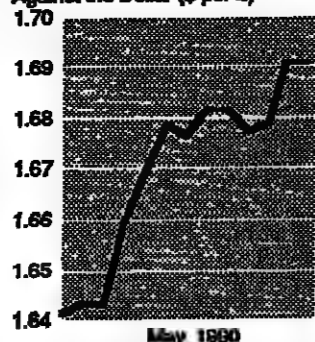
A speech by Mr John Major, the Chancellor, on Thursday night calmed speculation on early entry into the Exchange Rate Mechanism of the European Monetary System.

The week has been very costly for some market makers who have been forced to buy stock to meet selling commitments made on Thursday morning when the market was nearly 100 points lower.

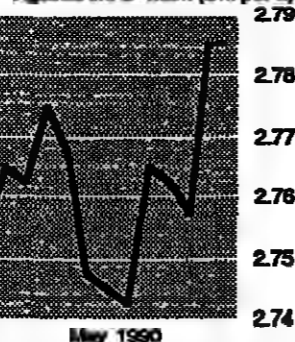
"It was rather like being at the dentist when he's run out

Sterling

Against the Dollar (\$ per £)



Against the D-Mark (DM per £)



of painkillers," said one. However, most bear positions were closed by the end of the day.

On Thursday night, the Bank of England supplied stock to gilt market makers caught short by the sudden rise in UK government bond prices. The shortage of stock in the equity and bond markets

contributed to the size and speed of the rally.

The City also took note of comments by Mrs Thatcher about the possibility of entering the EMS with 6 per cent bands, for at least a transitional period.

The rise in sterling's trade-weighted index from 87.1 at the

end of last week to 88.2 by yesterday's close illustrated the strength of belief that ERM entry would be good for sterling, as well as for interest rates and inflation.

Mr George Magnus of Warburg Securities said: "International money is fearful about sterling, but is even more fearful about not being in sterling once the ERM card has been played. On Thursday we got a taste of what will happen when ERM membership finally happens."

Others questioned the sustainability of the rally. "Unless the Chancellor gives a clear date for UK participation in the EMS, sterling will remain vulnerable to speculation," said Mr Paul Chertbow, chief currency strategist at Citibank.

Improved prospects for interest rates in Germany and the US had contributed to the market's optimism but evidence of the slowing of UK demand con-

tinues to be mixed, said Mr Roger Bootle of Greenwall Morgan.

The week has left UK authorities bemused, but not unhappy. Both the Treasury and the Bank of England favour a stronger pound as part of counter-inflationary policy, and so are pleased with sterling's appreciation.

The Treasury reaffirmed yesterday that no date had been set for ERM entry and no decision made on the bands size.

Mr Major had previously stressed that ERM entry would require "a significantly lower level of inflation." It is believed that this would mean waiting until there was firm evidence of declining increases in the Retail Prices Index, which would indicate that the earliest possible date for entry is probably some months away.

Currencies, Page 11; London Stock Exchange, Pages 12 and 13; World stock markets, Pages 14 and 15

Searching for a trading range

It has been a good couple of weeks for equity markets on both sides of the Atlantic. Last week the Dow Jones Industrial average jumped by 89 points in a single day, and this week it has been hitting new records.

In London, the FTSE 100 sent the bears scurrying to unwind their positions when it surprised everyone by leaping by almost 100 points on Thursday. Meanwhile, the eight of Japanese investors continuing to pay sky-high prices at this week's New York art auctions is a further reminder that there is still plenty of money around to bid up asset prices.

Talk of a serious global credit crunch is overdue, which should be good news for equities, if not for bonds.

Nevertheless, it has been the recovery in the global bond markets over the last few weeks which holds the key to the equity markets' recent performance. Long-term gilt yields have fallen by more than 100 basis points since the FTSE 100 was testing the 2100 level three weeks ago. The financial markets' renewed confidence that short-term interest rates in the US and the UK are not going to be raised may be misplaced, but it has certainly boosted sentiment.

If the UK really can muddle through without a recession, then domestic equities are not particularly expensive. At least UK corporate profits are still rising, helped no doubt by the high overseas content, whereas they have been falling for several quarters in the US. Historic multiples of less than 11 times earnings for UK industrial companies look cheap by comparison with 15½ times for the S & P Industrials, and the traditional 200 to 300 point gap between the Dow and the FTSE is roughly twice as large as normal.

The longer term consequences of entry into the European exchange rate mechanism are far from bullish for equities and the recovery in the gilt market could easily be upset by another bout of inflationary worries. The best bet is that the FTSE is re-establishing itself in a 2150 to 2300 trading range.

Globe

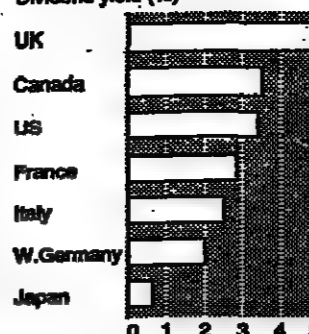
The battle for control of the Globe Investment Trust was always going to be about price. It may be said that an old established institution, which had become increasingly popular with small investors, was on the auction block.

But at the end of the day its fate will be decided by perhaps

FT Index fell 2.4 to 1,783.3

Stock markets

Dividend yield (%)



policy, and the demographics of its work-force.

This is not simple. Rule-of-thumb thinking suggests that if a company's retiring age drops by one year, there will be an associated increase of between 4 to 5 per cent in its pension scheme's liabilities. So if the Luxembourg ruling meant that male retiring ages dropped from 65 to 60 across the board, British industry's rich pension fund surpluses would evaporate. Under SSAP 24, that would instantly hit earnings per share.

But the actual position is much more complex. Many blue-chips, like Grand Metropolitan, saw the way things were going and in the late 1980s equalised male and female retirement ages for new and existing employees. Barclays Bank adopted a mix of leaving age of 60 for new employees as far back as 1972. Where problems may arise is with the 56 per cent of companies which have done nothing about equalisation, according to a National Association of Pension Funds survey. It will be up to investors and analysts to find out which companies could be adversely affected, by asking managements some astute questions.

German bonds

After six months of talk about the financial consequences of putting the two Germanys back together, the markets are finally seeing some action. Yesterday's 10-year West German government bond issue was no anti-climax. Not since 1982, when its public finances were in crisis and the budget deficit was apparently out of control, has the state had to issue a bond with a coupon as high as yesterday's 8.75 per cent. The implications of this are not pleasant for most West German politicians, not to mention British ones.

At present, West Germany's Daxindex expected public deficit for 1990 is only about 1.5 per cent of GNP, a far cry from 1982 levels; and even in 1991, the figure may be no more than 3 per cent at most. By rights, then, at 8.75 per cent the bond is a bargain, a way of reassuring foreign investors about the Bundesbank's control of financial events.

Credit agencies plan approach to Russia over payment delays

By Peter Montagnon, World Trade Editor

EXPORT credit agencies from over 30 countries are considering a formal approach to the Soviet authorities about ways of dealing with that country's growing import payment delays.

The decision - due at the end of the month - would mark the first concerted Western effort to tackle the delays. These surfaced late last year and, bankers say, they are now starting to assume serious proportions.

The approach would be made through the Berne Union, which comprises around 40 export credit insurance concerns in over 30 countries. Its current president is Mr Malcolm Stephens, chief executive of the Government Export Credits Guarantee Department.

Using the Berne Union to deal with the problem would be less politically sensitive than a government to government approach, according to officials from member institutions.

Early discussions within the Berne Union suggested that it could play a role, both in seeking a solution to the growing problem of payment delays and in trying to assess with the Soviet Union the value of the payment guarantees being offered by that country's newly decentralised foreign trade organisations.

A meeting of the Berne Union at the end of the month is to decide whether to follow up on this idea, and, if so, exactly what form of contact should be sought with the Soviet authorities.

Through the size of Soviet payments arrears is hard to quantify, bankers say the problem has recently become worse.

It is no longer thought of simply as an administrative problem, but as part of a squeeze facing the country as a result of mounting imports in the wake of economic and political reform as well as unpaid bills by developing countries which had benefited from Soviet credit.

The Soviet Union still has ample access to Western loans, but it is thought reluctant to borrow because of fears it would have to pay high rates, exposing the extent to which its credit rating has deteriorated. Bankers in Moscow said earlier this week that the country could be forced to renege on its trade payments soon.

Given the poor payments record of some of the newly autonomous Soviet trade organisations, export credit agencies are particularly anxious to find a way of ensuring that any payment guarantees they obtain from Moscow will be respected.

Atlantic Computers letter attacks B&C over reports

By David Owen

A LETTER sent from the Atlantic Computers to British & Commonwealth Holdings, the collapsed computer leasing company's stricken parent.

The document, drafted by unnamed members of Atlantic's corporate management, complained about "apparent bias" in recent media reports. It maintained that information which "appears to have originated from B&C" had been reported in a way that presented "an incomplete and often inaccurate and one-sided version of events."

The letter also sought to demonstrate that B&C was notified of Atlantic's continuing liability problems in 1988. It is certain to aggravate the dispute over when the financial services group was first made aware of the full extent of its subsidiary's difficulties.

The letter addressed to "The

City Editor" and sent originally to the BBC makes the "Press statements re widespread fraud are hindering the realisation of the full value of the assets and/or businesses of Atlantic by creating the impression of a state of total disorder and dishonesty prevalent in the company."

"The vast majority of such items now being made public were detected by Atlantic's own staff... and were being sent to B&C for its own management and by the directors appointed by B&C and by B&C itself, for many months prior to the administration order being granted."

"Atlantic notified three B&C Executive Directors on 19th April 1989 that the preliminary indications suggested the maximum theoretical exposure on walk options in the UK was in the order of £150m."

"On 27th March 1990, the B&C Chief Operating Officer wrote to Atlantic to 'confirm we are prepared to provide an overdraft of up to £50m'."

In reiterating its previous position that the "full enormity of Atlantic's position was not known only last month," B&C sought to discredit the letter by pointing to a "misstatement" in the draft document's first paragraph.

This was a reference to the Atlantic managers' assertion that their statement "is issued by the directors of the Administrative Committee of Atlantic Computers plc."

Price Waterhouse, the administrators in question, later denied this, saying that "a letter, purportedly written by the directors of the Administrative Committee," was not issued with the consent of the Administrators as was stated in its first paragraph.

Ravenscraig fuels Tory debate

By Ralph Atkins

THE FUROR surrounding Mr Malcolm Rifkind, Scottish Secretary, on this matter.

Speaking on BBC Radio he dismissed charges he had been disowned by Sir Geoffrey Howe in the Commons earlier this week.

What Sir Geoffrey said was that there can be no question of the Government forcing a company to change its mind and that is quite true."

His comments, however, have frayed nerves within the party, with the row being exacerbated by the Conservatives' poor standing in Scottish opinion polls. Labour has sought to exploit what it sees as fundamental differences between Mr Rifkind and Mr Nicholas Ridley, Trade and Industry secretary.

On the same BBC programme, Sir Hal Miller, Conservative MP for Bromsgrove,

the support I have had, in particular from the Prime Minister, on this matter."

Stacked those attacking special "emotional" significance to the Ravenscraig plant. "I thought we had got out of the stage where politicians ran industries and decided what was good and what was bad," he said.

Mr Nick Budgen, Conservative MP for Wolverhampton South West, described Mr Rifkind's statement as merely "gesture politics for the punters," saying he did not believe Mr Rifkind was going to intervene with British Steel.

In contrast, Mr Allick Buchanan-Smith, Tory MP for the Scottish seat of Kirkcaldy and Deeside, said the threat to Ravenscraig was a "special matter."

"If this plant is closed it is likely to mean eventually the closure of the industry in Scotland," he said.

Siemens in talks on chip-making links

By Guy de Jonquieres, International Business Editor

SIEMENS of West Germany and the Italian-French SGS-Thomson (ST) group, two of Europe's largest semiconductor makers, are discussing plans for closer collaboration which could involve merging their microchip businesses.

The talks, which began earlier this year, were triggered by the companies' desire to expand in the fiercely competitive market for D-Rams, the most widely-used type of microchip, and to share rapidly rising production costs.

It is still uncertain whether the proposed alliance would be confined initially to D-Rams, or whether the companies will proceed with a full merger of their microchip activities.

A merger would create Europe's largest semiconductor group with sales of about \$2.5bn a year and roughly 4 per cent of the world market. However, it would still rank only sixth among the world's chip-makers, with half the annual sales of both NEC and Toshiba of Japan, the industry leaders.

Siemens and ST are understood to be aiming for an agreement by next month to set up a joint company. It would be owned 50 per cent by Siemens and 25 per cent each by ST's two shareholders, the French state-controlled Thomson group and IRI, the Italian state holding company.

If the project goes ahead, it

might eventually expand to cover the semiconductor operations of Philips, the Dutch electronics company and Europe's only other large chipmaker. Philips' electronic components business lost £152m (\$402m) last year.

Although the Dutch company is understood to have been involved in the talks, it is preoccupied with sorting out financial difficulties which recently precipitated the early retirement of Mr Cor van der Kragt, its president.

Siemens, Europe's only D-Ram manufacturer, is thought to have grown concerned at the investments needed to mass-produce the chips. It estimates it will cost more than \$1bn to build a plant to make the next generation of D-Rams.

ST, which made a small profit last year, has said it wants to enter the D-Ram business in collaboration with another company. However, ST says it is still considering several prospective partners, and that talk of a full merger with Siemens is "pure speculation."

Siemens and ST are partners with Philips in the Joint European Semiconductor Silicon (JESS) programme, a project to develop advanced microchip technologies. Siemens has also agreed with IBM of the US on joint development of 64 megabit memories.

Spending

Continued from Page 1 although final decisions are likely to depend on the result of the 2 plus 4 negotiations in Germany and the conventional arms talks in Vienna.

Proposals for cutting British forces are expected to be ready in the autumn. They would be part of a Nato platform for follow-on negotiations on force levels in the central European region, which could take place immediately after a Vienna treaty is signed.

Wide divergences on the scope for savings are emerging within the Ministry, with Mr Alan Clark, Minister for Defence Procurement, believed to have favoured deep cuts.

Options under study include Labour's proposal to cancel the last of the series of four Trident ballistic-missile submarines to save an estimated £500m, although some officials argue it would not leave enough margin to ensure that the UK had at least one nuclear submarine on patrol at any time.

Among the other possibilities being studied is abandonment of plans to produce the £22bn four-nation European Fighter Aircraft if West Germany leaves the project.

Although both the Navy and the RAF anticipate some cuts, military experts expect reductions to focus primarily on armoured units of the Army.

The studies, which the ministry insists on not calling a defence review, are being coordinated by Mr Richard Mottram, deputy Under-Secretary for policy at the MoD.

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Home Depot	55 1/2	+ 5		Honshu Paper	2280	+ 220	
Microsoft	87 1/2	+ 5		Nikko Elec Ind	1180	+ 100	
Prime Motor	13 1/2	+ 1 1/2		Fulltec	1720	- 180	
Felis				Nikko Seimo	1010	- 80	
Apple Computer	40	- 1 1/2		Satsuma Bani	1050	- 100	
Philips Morris	43 1/2	- 1 1/2					
PARIS (FFrs)				LONDON (Pence)			
BASF	1155	+ 36		ASDA Group	108	+ 4	
SNP Part				Berkley Group	171	+ 9	
				Great Nichol	159	+ 8	
				Edenport	18	+ 13	
				Laporte	254	+ 19	
				RHM	289	+ 7	
				Rockwell/Colman	1217	+ 11	
				Scottish TV	408	+ 11	
				Securifor A	703	+ 13	
				Sema Group	625	+ 8	
				Felis			

WORLDWIDE WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Abisko	23	12	10	Madrid	19	10	10	Prague	13	10	10
Algarve	23	12	10	Moscow	24	10	10	Rome	13	10	10
Amsterdam	13	12	10	Norwich	24	10	10	Stuttgart	13	10	10
Athens	23	12	10	Paris	24	10	10	Vienna	13	10	10
Batumi	23	12	10	Perth	24	10	10	Zurich	13	10	10
Bombay	23	12	10	Porto	24	10	10				
Buenos Aires	23	12	10	Reykjavik	24	10	10				
Burgas	23	12	10	Sofia	24	10	10				
Calcutta	23	12	10	Tbilisi	24	10	10				
Cairo	23	12	10	Tokyo	24	10	10				
Cardiff	23	12	10	Warsaw	24	10	10				
Chennai	23	12	10	Winnipeg	24	10	10				
Colombo	23	12	10	Xinjiang	24	10	10				
Copenhagen	23	12	10	Yokohama	24	10	10				
Dhaka	23	12	10								

°C - Celsius, °F - Fahrenheit, W - Wind, S - Storm, G - Gale, T - Thunder, F - Frost, H - Heavy, L - Light, M - Moderate, V - Very, X - Extreme

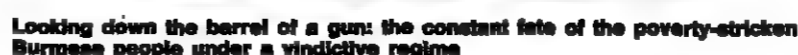
BANGKOK 28°C 82°F Sunny

Fly Thai 071-499 9113

Burma's anti-intellectual regime has subjected the country to years of suffering. Roger Matthews reports

This misery has only deepened since the 40m people of Burma decided two years ago that they could tolerate it no more. As a final mockery of liberal opinion, the

But instead of presiding over decline, it increasingly appears that Ne Win's henchmen are positioning themselves to preside over disaster. In the past they merely prevented change. Now they have begun to initiate changes of a highly unpleasant sort. At first, their actions were mainly

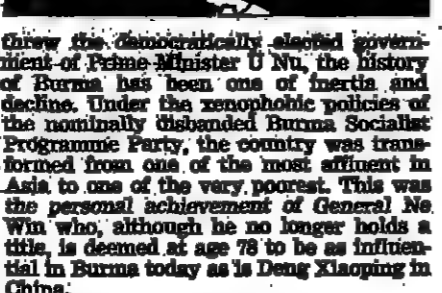


Obviously, therefore, the May 27 elections will not produce a government which has broadly-based popular support – a key condition set by Japan, by far Burma's largest aid donor, for resuming its \$250m a year programme. Work has restarted on seven of the 18 projects with which Japan was involved prior to September 1988, but

believe that Burma's opium crop has soared from around 850 tonnes in 1987 to nearly 3,000 tonnes last year. But the centre piece of Slorff's fundraising has been the sale of part of the land on which its Tokyo embassy stands for a reported \$250m. All of this has given Slorff greater self assurance, especially in its capacity to

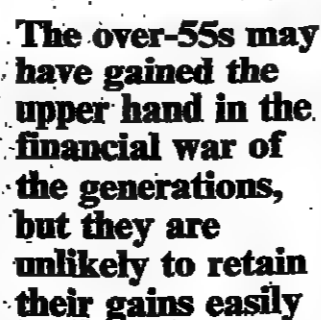
The number of such snatches has not been large but the number of urban dwellers singled out this year for Storr's particular attention has been very large. Western diplomats in Rangoon jointly estimate that anything up to 500,000 people have been forcibly evicted from

A challenge might, just, still explode again from within Burma. But it would be at enormous cost. As the Burmese people may well have concluded, opponents of Storr have little reason to expect much support, other than occasional verbal encouragement, from the outside world. Pity poor Burma.



Vintage times for the golden oldies

It was all so different back in the days of the great yuppie boom. Two years ago, for instance, the average net interest rate on building society investments was 6.1 per cent, compared with 10½ per cent today. The housing market's price spiral was reaching its peak, and the spending power of the younger age groups was at an all-time high as buoyant



pay increases were topped up by the cash generated from deals in the property market (equity release, as the Bank of England likes to call it, when bigger loans are secured on appreciating housing assets).

take note that their prosperity may prove both temporary and deceptive. It is dangerous to take high interest rates on investments at face value. They represent in part a compensation for the erosion of capital through inflation (and in bad times, inflation will swallow up the whole of the income).

I see that the latest Bank of England Quarterly Bulletin has done some calculations on

This week Sock Shop, fighting for survival, was awarded another three months' protection from its creditors. You never know, if it can hold out a little longer those callow spenders just might return.

Finances Travel money V	Outdoors Mink-hunting XIX	Arts 16-20	Food XXXV	Stocks Markets I
Travel Italy in Focus XX-XXIII	Gardening Before Chelsea XI	Books IX	Gardening IX	London I
		Bridge XXXV	How To Spend It XXXV	Music Years I
		Clothes XI	Motoring XI	TV and Radio XXXV
		Crowds XXXV-I	Property XI	Travel XXXV
Perspectives Secrets of Who's Who VII	Books Curtis on Powell IX	Finance & Family XXV	Wine I	

Name _____
Address _____

MARKETS

LONDON

Mad bull disease hits City

FINANCE & THE FAMILY: THIS WEEK

How high-rate taxpayers can beat inflation

The high interest rates on offer at banks and building societies may look attractive, but once you have taken account of inflation at 9.4 per cent and income tax at 40 per cent, you may find the figures less appealing. Sara Edwards reports on how high-rate taxpayers can stay ahead in the numbers game. Page 111.

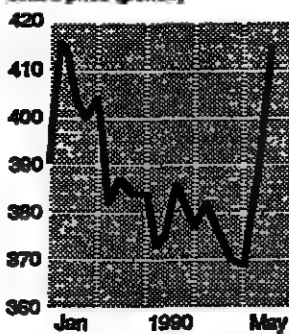
Cash — don't leave home without it

Despite the advances in electronic banking and credit facilities, it still pays to ensure that you have some stop-gap way of obtaining money while on holiday, says David Barchard. Page V.

■ BRIEFCASE: Who owns a property? — Page V

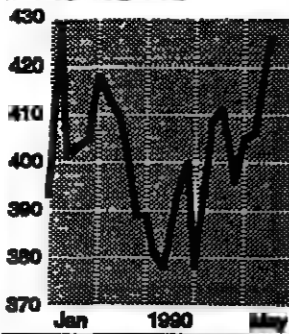
Whitbread

Share price (pence)



Polly Peck

Share price (pence)



Brewers ride high on the back of good results

The start of the brewery sector results season this week coincided with the sector index reaching an all-time high on Tuesday. Analysts were not disappointed with the figures when they came. Grand Metropolitan, Whitbread and Allied Lyons showed that there is plenty of scope to show real growth in a mature industry. Each participated happily in the market's sharp rise on Thursday, although GrandMet was briefly held back by fears that "mad cow" disease might hit the Burger King chain. However it was quickly pointed out that Burger King's sales are concentrated in the US where the disease is, as yet, unknown. Whitbread has been additionally helped in recent weeks by hopes that the European Commission may encourage the enfranchisement of the widely held restricted-voting shares. Daniel Green

Polly Peck advances to record

The share price of Polly Peck, the fruit and electronics group, rose to an all-time high this week on institutional buying after Sanul, its Japanese consumer electronics division, advanced strongly on the Tokyo Stock Exchange. The previous high of 418p, established in January this year, was breached and on Friday it was trading at 427p. The rally in Tokyo fed into speculation in London that Polly Peck will make a formal statement at its annual general meeting on Tuesday and could announce a restructuring of its electronics interests, including Sanul. The recent sale and leaseback deal of nine of its ships, where Polly Peck received more than the market had expected, also contributed to the advance. Jim McCallum

Manx compensation deal

The Isle of Man Government is to pay compensation to depositors in the failed Savings and Investment Bank, it was announced this week. Miles Walker, the island's Chief Minister, told the Tynwald (Parliament) that he would put forward proposals for ex gratia payments, giving preference to small depositors. Details are expected next month. The bank collapsed in June 1982 with debts of £42.8m owing to more than 3,000 depositors, many of whom lost their life savings. However, Walker made it clear this week that depositors could not expect full restitution of their losses from the Manx authorities. Instead, the scheme would balance "the interests of depositors and the interests of the island's tax payers." Peter Gardiner

New mortgage offer launched

National & Provincial building society has launched a flexible options mortgage package for first time buyers, available on mortgages of up to 95 per cent of purchase price. Three per cent of gross monthly interest can be deferred over the first two years. Repayment mortgages can be spread over 35 years and endowment mortgages over 22 years (depending on age) to ease the burden. Those intending to use this mortgage should note however that the unpaid interest deferred during the first two years of the mortgage must be paid off between the fourth and sixth years of the mortgage. In addition, early redemption penalties of up to 90 days interest can be charged if the mortgage is paid off before the end of the seventh year. David Barchard

FT unit trust prices

Readers looking up their unit trust prices this weekend may be slightly baffled. The four pages previously devoted to the FT Unit Trust Information Service have been renamed and given a new look. They are now called the FT Managed Funds Service. The Authorised Unit Trusts section remains the same, but the offshore and insurance funds sections have been re-arranged in a more logical sequence to reflect changes in the industry.

Offshore funds are now grouped together for individual countries under two headings: those that have been officially recognised by the Savings and Investments Board (SIB) and can therefore be sold freely in Britain; and those that are regulated by their domestic regulatory organisation, which is specified in the accompanying notes. In addition offshore insurance funds now appear directly after the insurance section, listing UK funds. J E

MAD COW disease in the City. The symptoms are all too obvious, but it is yet time to call the vet?

After the FT-SE 100 Index leapt 63.5 points on Thursday there were many who believed the whole sponge-soaked herd of market-makers and institutional investors should be put down immediately.

Small shareholders may be among the advocates of humane destruction, for it is difficult to know what to make of a market which is capable of stampeding as much as 7 per cent higher in a week. Fools eventually closed up 83.2 points on last Friday at 2,693.1. Securities houses were punished for a shortage of stock on Thursday, as pressure on Footsie futures overflew into the main market. They reportedly suffered losses when market-makers were forced into trading competition with institutions. Computer trading at least prevented a technical squeeze turning into physical assault had market-makers come face

to face with frustrated dealers the story might have been somewhat different.

There have been some reasons for mild optimism this week. They do not justify rank hysteria, but provide at least a scaffolding of support for the shaky edifice thrown up on Thursday.

Footsie has been encouraged by the performance of global markets, in particular Wall Street, and a strong recovery in the price of long-dated Government bonds since the end of last month.

UK equities have been lagging New York for most of the year, so the Dow Jones Industrial Average's firm gains this week, reaching a new record on Thursday, made investors feel this was the moment for London to try to catch up.

That boosted Monday's market, which rose nearly 30 points on the day. In fact, investors were still basking in the glow of last week's better-than-expected inflation figures, and the previous week's political good news.

Whereas the sophisticated

market responded to the "thank God it wasn't worse" criterion for investment last week, this week it seemed to operate on the conviction that equities were invaluable. Thus the less obvious inflationary pressures contained in Monday's higher retail sales and output prices for April were ignored, while Thursday's higher unemployment figures for last month helped fuel the spending spree.

It was the first increase in the unemployment total for nearly four years. That may not sound like good news, but through rose-tinted spectacles it suggests the economy is slowing, and could also strengthen management's hand in important pay talks, such as the ICI negotiations. Manual workers, who have submitted a 14 per cent claim, rejected a 9.4 per cent offer on Tuesday.

Renewed optimism on the possibility of full British entry into the exchange rate mechanism of the European Monetary System was the main trigger for Thursday's rally in the

gilt market and the headlong scramble for equities.

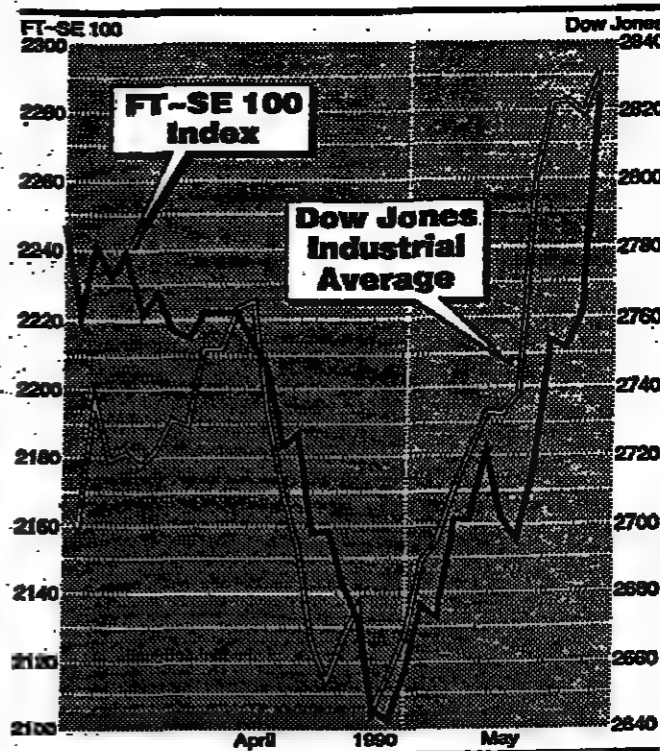
Of all this week's reasons to buy shares, this was probably the funniest. It is beginning to look as though some investors believe the sheer quantity of comments on the subject, whether they add to the sum of knowledge or not, will be enough to accelerate ERM entry.

A cursory reading of the Wall Street Journal interview with John Major on Thursday morning convinced a number of UK equities analysts that the Chancellor was saying nothing new. He was merely reinforcing the view that Britain would enter the ERM of the EMS, without indicating a timetable. The excitement only began when Far Eastern and European investors decided to act on Major's thoughts.

A more reliable prompt for investors came from British blue-chip companies this week, suggesting these analysts who suggested a week ago that new trading account would be underpinned by corporate profit announcements.

The quality stocks stood out most impressively against an uncertain sector background, for example in retailing. Marks and Spencer led the way on Monday, showing a 14 per cent rise in pre-tax profits for 1989-90 — up from £230m to £264m — despite the slowdown in consumer spending. J Sainsbury also brought a smile to retail investors' faces by pushing up profits from £55m to £48m before tax and property gains. The headline profit figures were combined with steady increases in dividends (14 per cent and 30 per cent respectively) and a double dividend.

Hanson, Allied-Lyons, Grand Metropolitan and Whitbread also added weight to the week's results. The UK-based conglomerate, currently subsiding in a continued bid for Peabody, the US coal-mining giant, made £570m before tax in the



HIGHLIGHTS OF THE WEEK					
	Price	Change	1989	1990	
	1 day	on week	High	Low	
FT-SE 100 Index	2293.1	+83.2	2463.7	2105.4	ERM speculation/stock shortage
Allied-Lyons	469	+42	518	408	Good figures
Blue Circle	228	+18	271	165	European expansion/aid open
British Telecom	276	+19.5	316	243	Stock shortage/Client 'buy' note
Carlson Cosmetics	540	+25	610	432	Recovery after decline in figures
Colson	41	-4.1	81	31	Refinancing worries
Devere & Newman	585	+100	775	555	In merger talks
International Units	523	-35	723	485	Right issues place constraint
McCarthy & Stone	54	+10	144	34	Director buys shares in company
Royal Electronics	211	+15	259	180	Brokers' 'buy' recommendations
Royal Insurance	487	+33	588	422	Ballot over Gf Significance sheet
Securicor A	703	+58	888	647	Shareholder 'buy' recommendation
Sedgwick	252	-13	318	248	Gf Significance sheet
Shell Transport	481	+18	501	424	Good Q1 results
Tolltech	351	+26	390	289	Tolltech increases stake to 22.5%

HERE IS A curious paradox.

For much of the past week the Dow Jones Industrial Average has been hitting record heights, which would seem to suggest that Wall Street views the outlook for the US economy with a warm glow of optimism. Yet on Tuesday George Bush, the President, opened talks with Congressional leaders on ways of narrowing the budget deficit, declaring that it was important to act now on the nation's financial problems, for while the economy was still growing, growth was "not as strong or secure as it should be."

The following day he went further, declaring that he did not want to speak out publicly on the nature of the budget problem, for to do so could "brighten the markets." When these views were relayed to the market they spread such terror that the Dow closed up at another record level.

To put it mildly, there seems to be a substantial mismatch of expectations here. Why? And what does it suggest about the direction of equity prices?

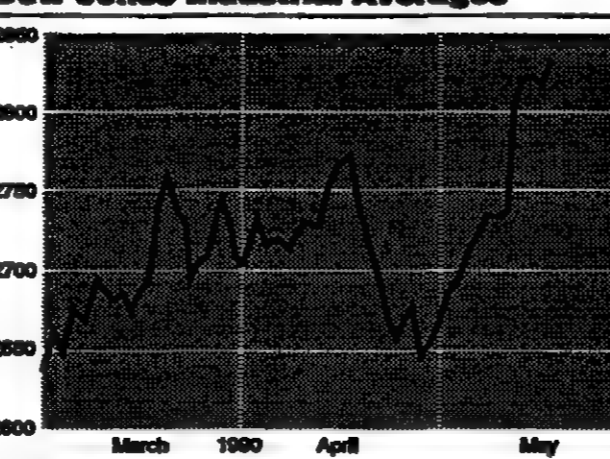
Since April 27 the stock market has rallied by some 7 per cent, with the Dow Jones Industrial Average rising from 2,645 to close at 2,831.71 on Thursday night, touching the previous record high of 2,810.15 set on January 2.

The main driving force has been a series of gains in Wall Street's expectations about inflation. Just two weeks ago the fear was that price rises were spiralling out of control, forcing upward pressure on interest rates. But a rash of recent indicators has dispelled much of this concern.

An inflationary report in the first quarter of this year now seems to have been in large measure the result of seasonal outliers. So the bond market has rallied on hopes that the next movement in interest

A monster in the shadows

Dow Jones Industrial Averages



rates may be down, and equities have followed suit.

That said, the stock market's advance is not as strong as the rise in the Dow would suggest. The Industrial Average tracks a limited number of the leading stocks, and the broader Standard & Poor's 500 is still below its record, as are other indices which track smaller companies. Indeed, some bearish analysts point to a parallel with 1973, when such a divergence between large and small stocks pre-figured a prolonged bear market.

The recent report has taken the Dow only slightly — and unconvincingly — beyond the trading range it has occupied for most of this year, and the fundamentals suggest there is

precious little to sustain a further substantial advance.

The yield gap between stocks and bonds is getting towards the top of its long-term range; a perception that US interest rates have passed their peak is putting downward pressure on the dollar and thus limiting the scope for a further bond market advance; and the outlook for corporate profits this year is hardly rosy.

Indeed, if the noises emanating from Washington are to be believed, the main threat to the economy now, as it was before the inflationary alarms, is recession.

The economic forecasters have been going for a GNP growth figure of around 2 per

cent, but that assumes relatively buoyant consumer spending, which is far from certain: figures this week showed a steep 0.8 per cent drop in retail sales. And the depressed property market in many parts of the country is likely to stay that way, as consumers' perceptions of wealth and spending power — thanks to the tougher line being taken by banks on loans and the work of the Resolution Trust, which is selling off cheaply the assets of bankrupt thrift institutions.

Meanwhile, the funds the Trust will have to raise to sort out the thrift scandal is overhauling the bond market, keeping yields up, and is a substantial Washington budget negotiations.

Whatever the outcome of those talks, it is clear that the Government's budgetary underhand is going to mean substantially reduced federal spending, or tax increases, or both. The question is whether the balance struck will have a negative impact on the economy, with a draining of spending power more than offsetting the beneficial impact on interest rates of reduced Government borrowing.

The White House, which has its own political purposes, is emphasizing the recessionary threat in all this. The markets, however, seem so happy at the slaying of the inflationary dragon over the past few weeks that they are unwilling to focus on the slow-growth monster that may be lurking just around the corner. If and when it slouches into full view, equities could be in for a nasty reverse.

Monday	2831.71	+ 19.26
Tuesday	2822.46	- 9.25
Wednesday	2819.26	- 3.20
Thursday	2831.71	+ 12.45

Martin Dickson

JUNIOR MARKETS

How mighty is the molecule?

SOMETHING remarkable is happening inside the ivory towers. After years of reluctant negotiations between academics and industrialists, scientists are now falling over themselves on the way to the stock market. Over the last three years a number of high tech newcomers — ChemRx, ML, Hasmocell, Semperviva, Biogen, Novol, Medixare (now Medeva) — have made a sizeable mini-sector of their own.

The latest addition to the academic stable is Proteus International, which is due to join the United Securities Market next week.

Proteus set up three years ago, says it is in the vanguard of developments in computer software for the design of drugs. These techniques allow chemists to predict the three-dimensional structure of a molecule and to design specifically targeted drugs. That reduces the number of options that have to be tested in the laboratory through thorough trial and error.

The foundation of the company was work carried out by Dr Barry Robson, who has researched software for the design of biological molecules for the last 20 years. The company took shape when Dr Robson, a reader at Manchester University, was introduced to Kevin Gilmore and John Pool, who run a biotech care and research consultancy. Combining the two parties' scientific knowledge and commercial expertise seemed the best way of getting the software into the market.

The university was not particularly interested in the commercial aspects of it. They did not really have the vehicle to implement it," says Pool.

Gilmore and Pool invested £1.7m in developing the software, most of which will stay in the company as a loan. They also conducted market research among Japanese and European companies to come up with a shopping list of desirable properties for molecular modelling software. The result is Proteuschem, a software product which the company claims is head and shoulders above competition. It is faster, more user-friendly and applicable to larger physiological systems than its rivals, the company says.

Proteus expects to sell the software, priced at about £500,000, to pharmaceutical companies around the world. US and Japanese businesses have shown the most interest, while UK companies have tended to show "British conservatism" in taking up molecular modelling, according to Pool.

As well as selling the software, Proteus intends to carry out contract design consultancy, and has contracts with companies such as Merck Sharp & Dohme and Eli Lilly. Moreover, they intend to

design drugs and license them to pharmaceutical companies prior to the toxicology and pre-clinical trial stage. They have already applied for patents for synthetic peptides, which appears to set against the AIDS virus in test tube studies and which is being evaluated by a research division of Johnson & Johnson.

The company's financial projection predicts sales of £5.13m and pre-tax profits of £2.25m in the 15 months to next March. That would put the shares on a moderate p/e of 9, although, looked at another way, the company's market capitalisation of £18m may seem steep for an essentially unproven company.

It is being brought to market by Allied Provincial Securities, which is also responsible for Third Market start-ups like Hasmocell, which is conducting clinical trials into a new blood filtration system and Biogen, a specialist research findings on tissue growth.

Neither company has yet announced significant progress or setbacks. However that has not prevented dramatic gyrations in the share price as a result of the vagaries of market making and the speculative nature of the shares.

A roller coaster ride has also been the lot of shareholders in ML Laboratories, another Allied Provincial venture which was the first of the medical companies on the Third Market. It is researching into a new treatment for kidney failure using a glucose polymer solution for dialysis.

Its share price increased five-fold between its launch in 1987 and its peak last September. But with few palpable results, some disillusion has set in and the shares now stand at about half last year's high. Even the excitement over an announcement last month of progress with a possible anti-AIDS agent — a sugar molecule, which in test-tube studies acts as a blocking agent against the HIV virus — was short-lived.

Novol, the USM company concerned with tree cloning and the production of chemicals from plants, is the latest of the medical research companies to announce some news. Earlier this week, it announced the acquisition of a research laboratory and trials on a possible anti-cancer agent.

It is going to conduct test-tube studies on the anti-cancer applications of a group of compounds known as the Indolizidine Alkaloids, which includes a substance called Castanospermine being investigated as a potential anti-AIDS drug. Although the news was a small step on the long road to producing a licensed drug, the shares rose 6p to 105p.

Vanessa Houlder

Breathing easily among the ailing retailers

RETAIL ANALYSTS used to say that Marks and Spencer needed the rest of the retail industry caught a cold. The maxim reflected the fact that the UK's leading stores-chain was an indicator of how consumers were spending their money in the High Streets during the good times and the bad. But this week the conventional wisdom appears to have been refuted. While the rest of the retail sector has caught a cold from the slow-down in consumer spending, M&S, led by chairman Lord Rayner, is in the best of health. Its full-year figures for the year ended March 31 1990 were well ahead of City expectations. Pre-tax profits rose 14 per cent to £804m on sales up by just 9.5 per cent to £5.61bn.

Marks and Spencer, however, was not alone this week in bucking the trend. J Sainsbury, the supermarket chain, also unveiled a set of full-year figures at the upper end of analysts' expectations. In the 12 months to March 17, Sainsbury's made £420.7m compared with £362.3m a year earlier.

These two sets of results follow the sparkling performance last month from Tesco, which also announced figures ahead of expectations with a 31 per cent rise in pre-tax profits to £361.6m in the year to February 24.

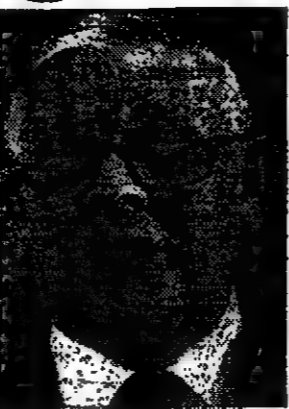
These three retailers have shown that the gloom among other High Street retailers in recent months seems to have been over-done. It is possible to make money from a retail slump, just as it is feasible to make money from a falling stock market.

The success of Tesco, Sainsbury's and M&S in being among the most consistently profitable companies of the past decade is in stark contrast to the decision earlier this month by Sir Terence Conran to retire sooner than expected as chairman of the Storehouse group. Storehouse — the conglomerate of chains such as Habitat, BHS, Mothercare and Richards — never lived up to the expectation that the City had for Sir Terence when he created his retail empire in the mid 1980s.

The list of other retail entrepreneurs whose star has dimmed in recent times is the Who's Who of retailing. Names such as Burton's, Next, Laura Ashley, and Sock Shop have all found the going tough.

Why have Tesco, Sainsbury's and M&S been successful where others have failed? Richard Hyman, managing director of the Verdict research group which specialises in retailing, sums up the view of many: "Those companies have a corporate culture which emphasises that they are long-term players in the game. This means that they invest in the infrastructure and quality needed to take advantage of the good times and also to benefit when trading is tight."

Hyman and those brokers with long memories liken the current state of retailing to its condition in the late 1970s and early 1980s. The high inflation of the period meant that it was comparatively easy for retailers to pass on cost rises and achieve ever-increasing sales figures. The difficulty came with the recession prompted by



Lord Rayner: good results

the hike in VAT rates in the 1979 Conservative Budget. That sorted out those retailers who had sound management from those that thought retailing was easy.

Similarly, the sustained buoyancy of consumer spending in the latter 1980s had convinced many retail entrepreneurs that they had the magic touch when, in truth, their success was carried along on the

wave of consumer spending.

During the heady days of free-spending consumerism, the likes of M&S, Sainsbury and Tesco looked dowdy against the designed niche-marketers. What the newcomers lacked was management in depth.

The strength of the Big Three's management is reflected in several ways. One is the relative stability of senior management. People at the top are not hired and fired; instead, a careful succession is established, leading to minimal disruption. "You don't often hear about top managers in these companies going off to pursue their own interests," points out Hyman.

Good management, moreover, means being prepared to invest not only in the best sites available — and constantly to improve them according to changing shopping patterns — but also to invest in the facilities to making them a pleasant environment in which to shop. The Big Three eschew design for design's sake.

Good management also means investment in the

systems — both electronic and managerial — that provide a wealth of data which the companies concerned have the skill and expertise to interpret.

Good management also knows that organic growth is sounder than growth without a plan. Marks and Spencer, for example, produced real growth (after taking account of inflation and additional selling space) of about 1.5 per cent from its UK stores. It may not sound dramatic, but at the volume M&S has, the result goes straight to bottom line profits.

Probably the biggest threat to the continued success of M&S, Tesco and Sainsbury is simply taking too much for granted. Yet their corporate cultures make it hard for such complacency to take root. Other retail stars will undoubtedly glimmer and then grown dim over the next decade, but it would be a safe bet that M&S, Sainsbury and Tesco will still be there at the turn of the century — whatever retail conditions prevail.

David Churchill

FINANCE & THE FAMILY

Sara Webb reviews savings instruments for higher rate taxpayers

How to beat inflation

HIGHER RATE taxpayers' savings reached a cross-over point last month. With inflation at 9.4 per cent, many higher rate taxpayers who have their money locked away in a building society or bank interest-bearing account may find that they are not making a "real" return.

The high interest rates offered by banks and building societies look very attractive on paper, but once you have taken account of inflation at 9.4 per cent and income tax at 40 per cent, you may find you are either making no gain at all or even a loss. In a building society account such as the Halifax 90-day account, higher rate taxpayers are now suffering a loss in "real" terms, as shown by the graph.

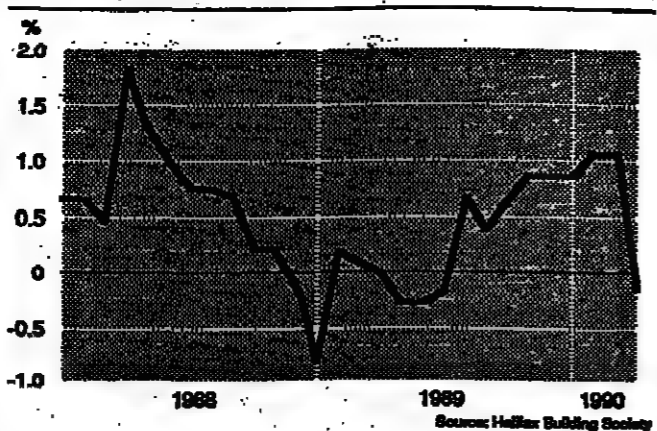
From January, savers will be able to receive their interest gross by using a Tessa, the tax-exempt special savings account announced in the Budget. But you will only be able to put up to £9,000 into a Tessa, and the capital will be tied up for five years. In addition no one knows yet whether the banks and building societies will offer the same rates of interest as they do on their high interest accounts.

So how can investors try to make a real return on their savings now? Ask any stockbroker or financial adviser and they are bound to recommend shares on the grounds that historically, the stock market outperforms deposits and gilts over a long period of time. Shares may provide capital growth and increasing dividend income — but they can also be very risky as any investor with B&C or Next shares in his portfolio can appreciate. They are not a safe bet over the short term.

For the more cautious saver who wants to keep pace with inflation in the short term there are a few alternatives to consider.

The fourth index-linked issue of National Savings certificates guarantees interest above the rate of inflation. This interest is tax-free for all investors. However, you cannot place more than £5,000 per person in these certificates.

The real rate of interest on a 90-day account for a higher rate taxpayer (not of higher rate tax)



The interest rolls up over five years to give an average return of 4.04 per cent compounded on top of the inflation-proofing. You can pull out before the five years are up. If you withdraw within the first year, you receive your initial sum back but you will not be paid any interest. If you withdraw the money at the end of one year, you get 3 per cent above inflation; at the end of two years 3.26 per cent; at the end of three years 3.5 per cent; at the end of four years 4.5 per cent; and at the end of five years you get 6 per cent above inflation. This averages out at a 4.04 per cent real return annually over the five-year period. The inflation rate is taken as the RPI calculated by the Central Statistical Office.

Michael Lawrence, managing director of Cater Allen (Jersey), suggests that a higher rate taxpayer in his early fifties with perhaps £20,000 to spare could split his capital as follows: £5,000 in index-linked gilts such as the 2.5 per cent 1996 stock; £5,000 in a long-dated traditional gilt such as 9 per cent 2008; £5,000 in the fourth index-linked issue of National Savings certificates; and £5,000 in a building society or bank deposit which pays interest gross (as this allows the interest to roll up).

Alternatively, he suggests that you could ask your stock

broker to select four different index-linked gilts, although he stresses that this may need careful timing.

"If one assumes that inflation is going to start coming down at the end of this year or beginning of 1991, traditional gilts with a current yield of 12 per cent should start to look attractive. Investors should be able to lock into this yield and then make a capital gain as the price rises," Lawrence adds.

Index-linked gilts are available from the National Savings Stock Register, or from stockbrokers. The interest is taxable although it is paid gross if you buy through the NSSR (whereas if you buy through a broker, standard rate interest is deducted at source).

It is also cheaper to buy through the NSSR as the commission charged is lower than that charged by most brokers, and the NSSR will normally handle small amounts, of around £100. However, you do not get any advice on the best gilts to choose and you don't know the specific buying price.

Howard Flight of Guinness Flight Global Asset Management says his strategy for achieving a "real" return is to invest in yen bonds. "Nominal yields of 7 per cent and real yields of 5 per cent in Japan represent outstanding real value," he says. Furthermore, he thinks the yen is likely to

strengthen to around 127/130 to the dollar.

"The major factor is when, and the extent to which, the yen will recover during the rest of this year. It would seem that the floor will probably prove to be 160 yen to the dollar, reduced Japanese capital outflows and the prospect of a return to Japanese hedging of their foreign investments as the yen stabilises should lead to a recovery to a level of around 130 yen to the dollar," he adds. This would provide investors with scope for a currency gain of about 15 per cent. "In other words, you have a potential total return of 22 per cent on what amounts to a fairly low risk investment," Flight concludes.

For the more adventurous, he suggests that the Peseta bond market is "quite attractive with a yield of 13.5 per cent, and the chance that yields could come down to 12 per cent," providing scope for capital gains.

However, Flight is less enthusiastic about German bonds. "Although German bonds have a running yield of 9 per cent, making this as attractive as the yen market, I don't think there will be the same currency gain."

He suggests that investors could buy units in a bond fund in order to obtain a good spread. "Nominal and real bond yields have risen to ridiculous levels but there's a hell of a lot more potential because of the good real yield, scope for capital gain as yields fall, and scope for generous currency gain."

The Government admits that inflation may go up still further and could take some time to come down. So the best hope for savers — at least those who have paid off their mortgages — wanting a "real" return is another rise in interest rates.

WITH THE possibility of Labour winning the next general election there will be more than usual interest in its proposed changes to Britain's economic policy, to be announced next week.

Investors are already only too aware that the prospect of a Labour victory has to be taken into account in any longer-term financial planning and possibly in short-term measures too.

Details of the policy, prepared by the Labour Party's home policy committee for approval by the national executive committee, were leaked this week and at first sight seem far from radical. Labour is deliberately confining itself to the broad sweep rather than going into detailed plans that would leave it open to attack.

But some proposed changes are fairly clear. The rich would pay more tax with the top marginal rate going up from 40 to 50 per cent. Lower rate bands of 30 per cent are proposed to help the lower paid. However, no mention was made of capital gains tax. John Smith, the shadow Chancellor, has described the annual capital gains tax exemption (currently

John Edwards on Labour's proposed economic policy Election issues

£5,000) as illogical; so investors might have to pay tax on all their profits.

Labour would probably scrap the upper earnings limit for National Insurance contributions to add an extra burden on the highly paid; the top rate would be equivalent to 50 per cent or more.

The City has been reassured by Labour politicians and by the historical precedent that share values do as well, if not better under a Labour government. Indeed, relations between the Thatcher Government and the City have not been good, and few would oppose Labour's proposals to overhaul the self-regulatory structure brought in by the Financial Services Act.

Labour politicians have made it clear that there is no intention to reintroduce exchange controls, partly on the grounds that it would be

impossible to do so, especially as a member of the European Community. It has also dropped a plan to use tax penalties to discourage institutional and private investors from putting money overseas. Instead it is likely to offer incentives for more investment in the UK.

Renewed state control of privatised companies is also low on the agenda, with one or two possible exceptions. John Smith argues that imposing tighter legislative control is cheaper than buying them back again.

Labour do seem to be committed to putting the clock back on pensions. They are determined to build up the government pension scheme, including Serps (state earnings related pension scheme), and discourage personal pensions. Personal equity plans (PEPs) are likely to be radically

altered by a Labour government, although not retrospectively, on the grounds that the tax-free benefits offered by PEPs would put much more emphasis on corporate PEPs, linking them to profit sharing schemes, and possibly using regional PEPs to encourage local investment.

So investors considering using PEPs to pay off mortgages or school fees have to bear in mind that they might not be available in a few years' time. However, this is probably an incentive to take out PEPs while they are still available as a source of future tax-free income and capital gains.

Labour does not believe that the new Tessa (tax exempt special savings account) will increase the overall level of savings, and is undertaking a special survey into how the savings ratio could be improved.

Some more details will no doubt be forthcoming next week when the official economic policy document is released. But investors will probably have to make their own judgments about how they will be affected.

Next question for building societies

THIS WEEK'S meeting of Frome Selwood Building Society members may have produced a hair's breadth victory for the board to go ahead and merge the society with Stroud & Swindon. But the vote gives everyone concerned with building societies pause for thought.

After a lively, often amusing, but sometimes bitter meeting which almost filled Frome's town cinema, the Board won a 76.3 per cent majority, just over the minimum 75 per cent it needed. But victory came from the proxies. A large number of those at the meeting were either doubtful or else downright opposed to taking a lower offer when a higher one was on the table. They were

offered only a 2 per cent bonus on their deposits by Stroud & Swindon; Cheltenham & Gloucester promised 3 per cent.

Roy Walwin, Frome Selwood chairman, recognised this. "Our members were obviously influenced more by the promise of a continuation of local policies and a fair bonus payment than the possible chance of a higher bonus sometime in the future," he said. The vote was helped through by:

■ strong local loyalties of a tiny electorate in a town where everyone knows everyone else, ■ fears that some Frome Selwood staff might lose their jobs if the Stroud & Swindon merger plan failed.

Even so, another 28 votes

would have clinched victory for the rebels.

Will other building societies planning a merger be able to count on the willingness of their members to vote against the interests of their own pockets? They will certainly be taking a big risk if they do, especially if there is no small town spirit to draw on.

Members of larger societies are much more volatile in the way they place their savings and more likely to prefer the highest offer on the table.

So boards will probably try to ensure that they do not go to their members if another and higher offer is known to be around. Under the Building Societies Act, they have to dis-

close details of other bids to members when a society is merged with another society or (as many expect will happen for the first time soon) sold to a bank or insurance company outside the industry.

The Frome vote was a partial defeat for the C&G chief executive, Andrew Loughurst, the "mergers king" of the building society world. But he has made his point through intensive media coverage.

He may yet regret it. Some day perhaps even C&G's board may find themselves forced to choose between the merger deal they prefer and one on offer from a hostile predator.

David Barchard

Pensions law changed

TWO DAYS ago — on May 17 — the European Court of Justice officially outlawed discrimination in UK company pension schemes.

In their ruling on the *Barber v Guardian Royal Exchange Assurance Company* case, the judges said that "a pension paid under a contracted-out private occupational scheme falls within the scope of Article 119 of the Treaty of Rome." The article bans discrimination between the sexes on pay and related remuneration.

Douglas Barber, one of the principals in the case, possibly had no idea of the far-reaching consequences his action would have. Ten years ago, after being made redundant at the

age of 53 by his employer, Guardian Royal Exchange, he went to law to secure the right to an early retirement pension — a right that a woman of the same age would have had.

Barber died before the case was completed. But his action, backed by the Equal Opportunities Commission (EOC), secured not just the right to an early retirement pension, but the end of discrimination in company pension schemes.

The judgment means that all men and women in company pension schemes must receive the same pension from the same pension age. No male retiring early should have his pension reduced if a woman of the same age would not suffer

a reduction. The rule applies to existing employees and to new entrants to any scheme.

Since most company schemes still give their present women employees the right to a full, non-reduced pension at 60, even where schemes have been altered with a higher common pension age, the ruling means that all present male employees now have the right to a full pension at 60.

Yet there is still much to be done before the equality principle becomes widely accepted in company schemes. The judges — to avoid retroaction — stated that the ruling would not apply to claims prior to the date of the ruling unless legal proceedings had been initiated.

This could have three different interpretations. ■ Only future benefits will be equalised. Thus a man with 40 years service taking early retirement one year from now would have 1/40th of his pension not subject to a reduction and the remaining 39/40ths reduced as before.

■ All employees retiring or being made redundant from May 17 1990 would have all benefits and entitlements equalised.

■ In addition to the second feature, all employees currently receiving a reduced pension would have all future payments increased to the equalised level.

The third interpretation is the fairest to employees and the least to employers. Equalisation is going to cost employers a lot, particularly if many men try to take advantage of the situation. Employers may try to offset this cost by first delaying implementing equal treatment provisions until after the judgment of another pension case before the European Court — *Clarke v Gray Precision Engineering* — which involves a dispute about a reduced benefit.

They may also make women wait after age 60 for a full pension by equalising the pension age at, say, 62 or 63. Many have already introduced such a provision for new employees and some may extend it to all existing women employees.

Other employers may decide to wind-up their company pension arrangements and leave employees to make their own arrangements.

It is essential that employers make their intentions known to employees, even if full details cannot be given at this early stage.

Eric Short

Don't envy German growth, profit from it.

There is certainly a lot to admire. Booming stock markets (last year they traded more shares than London). Rising share prices (up 29% since the Wall came down in November). A growing economy (likely to grow over 3% this year, second only to Japan). The strongest European currency (and growing ever stronger). The list seems endless.

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If the proposals are not enacted, then interest will be paid at 12.75%, the basic rate tax liability on which will be discharged and which may not be reclaimed.

No additions can be made to each account (apart from compounding of interest), but further two-year deposit accounts may be opened while the issue remains open. The £20,000 maximum is not exceeded.

At the end of the two year term the investment is NOT REPAID, but remains at 60 days' notice.

Interest is added to the account on 15th April or paid by warrant on 30th April.

NOTE: The first interest will be payable in the 1991/2 Tax Year.

FINANCE & THE FAMILY

Provisions may hit BT figures

BRITISH TELECOM is expected to report pre-tax profits of £2.7bn for the 1989-90 financial year on Thursday, up from £2.4bn the previous year. However, analysts say that there may be provisions of between £100m and £400m in the final quarter to account for the restructuring and redundancies announced recently by BT. This could reduce the pre-tax figure to as low as £2.3bn.

Stephen Owen at James Capel predicts pre-tax profits of £2.65bn, while Jeremy Stewart of Kleinwort Benson Securities is going for £2.7bn.

British Airways will publish on Tuesday its preliminary results for the financial year ending March which are expected to show higher pre-tax profits in the range of £300m to £340m. This compares with pre-tax profits of £260m for the 1989 financial year. The airline continued to have strong passenger traffic growth in the last quarter of 9.3 per cent over the last period of the 1989 financial year.

Bass, the UK's biggest

brewer, is expected to report lower first half profits on Wednesday. Analysts forecast a dip from last year's £28m, which included an abnormally high property profits figure of £5m, to between £27m and £27.5m. Trading profits should show a modest increase - beer volume sales were up by 1.5 per cent in the first quarter - and the market expects a near 10 per cent growth in earnings per share.

The property sector will be thrown into sharp relief on Wednesday when Land Securities, traditionally the barometer, declares its annual figures. Probably there will not be much to cheer. The group is the largest UK property investment group and the biggest single component of the FT-Actuaries Property Share Index. Its share price has been running at a 45 per cent discount to net asset value, the favoured measurement for property investment groups.

With commercial property prices weakening, any rise in the March 1989 NAV of 85p a

share is likely to be modest, dependent on the higher rental values Land Securities extracts from its property portfolio. City estimates vary sharply; Barclays de Zoete Wedd predicts a fall to 84p, at the other extreme Charterhouse Theloy forecasts a rise to 94p.

All eyes will be on Carlton Communications, the television services company, when it reports its interim results on Monday. A warning in March by Michael Green, chairman, that profits were likely to be merely "respectable" continued the derating process which has seen the shares slump from a high of 52p in September to a low of 45p last month. The shares have since regained ground and analysts expect the results to spread some reassurance. Forecast profits are around 50m to 52m.

If predictions are correct, it seems that Sir James Goldsmith and allies will have little to rejoice about when Banks, Morris McDougall, the bankers and food group in which their Sunningdale consortium holds

a 29.9 per cent stake, reports interim figures on Wednesday. Pre-tax forecasts range around the £84m to £90m mark, against £83.1m last time.

BAT Industries, the tobacco-based conglomerate reporting first quarter figures, is at least spared further worry about Sir James. However, analysts are less than ebullient here, too. The restructuring programme had minimal impact on the shape of the group by the end of March, and forecasts fall in the £240m to £270m range, well down on the 1989 first quarter.

Wednesday sees the "new" Courtlands reporting full-year figures for the year to the end of March for the first time. The company in its present form has existed since last autumn when the old Courtlands unbundled itself into two units.

Courtlands Textiles and the new company, which is concerned with chemicals and other industrial materials. Analysts are expecting few surprises, with a pre-tax profit about the same or slightly above last year's £160m.

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FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

Reading between the lines

WHEN Kenneth Kemp formally retired as chairman of Smith & Nephew at Tuesday's annual general meeting, he bequeathed to the health care company's 50,000 shareholders a small alteration in its articles of association.

The passing of Special Resolution 9 did not cause much excitement at the meeting. But it means S&N can become one of the first British companies to follow the guidelines of last year's Companies Act by issuing a summary financial statement to shareholders who want it, in place of a detailed report and accounts.

The company's 1989 report and accounts already comes in two sections. The first conforms with the requirements of the new legislation on summary financial statements; the second contains the audited financial information of a traditional report and accounts.

For the time being, S&N must issue both sections to shareholders, but in 1991 only those investors who ask for the full statutory report and accounts by returning a reply-paid postcard to the company before the end of this year will receive the two documents.

This must be good news for small shareholders. The Act

S&N believes only 1,000 of its shareholders will opt for the full report, saving the group perhaps £40,000 in printing and postage costs. However, cost-cutting is not the chief priority for a company which made £144m of profit before tax last year. "Kenneth Kemp has always had a particular feeling for the small shareholder and looked after their interests," says Cliff Lomax, company secretary. "Our main priority was to improve the means of communication with the private investor."

Nancy Burton, managing director of Tor Petersen, which advised on the design of the report, says annual accounts are now regarded as both elements in its summary reports. They are distributed not only to shareholders, but to employees, clients and journalists. The summary report is a less unwieldy weapon in the public relations battle than the detailed accounts.

In line with that aim, companies like S&N and TSB Group, which also produced a two-section report for its 1.6m shareholders this year, are fleshing out the bare bones of the new legislation.

That must be good news for small shareholders. The Act



Kemp resolution

was apparently intended to allow companies to produce summary accounts on two sides of A4 paper, which sounds like a return to the old days of poorly-printed single-sheet reports. To the surprise of many accountants, companies can omit the chairman's statement (summary reports need only carry a digest of the directors' comments on trading) and even the earnings per share figure.

But TSB not only includes both elements in its summary report, it even goes so far as to explain - in plain English under the figures - how earnings are calculated.

Some critics of the new legislation believe such an approach will discourage small shareholders from examining the more detailed figures, thus widening the gap between amateurs and professionals, but Peter Rowland, TSB's company secretary, says the major by the law's shareholders wanted less technical accounts.

TSB launched the initiative for summary financial reports after its flotation in 1986, and volunteered its research work to the Department of Trade

and industry as it prepared the new legislation.

"One mustn't talk down to these people in the short-form accounts, but our research has totally convinced us that we are going down the right road," says Rowland.

Both TSB and S&N have stuck to the conventional annual report format this year, although the Act will allow them flexibility to include the figures in a newsletter or brochure format if they wish. That said, TSB used to publish its figures in a newsletter as well as in the annual report, but when asked, the bank's shareholders said they believed the newsletter lacked the gravitas of the full accounts and would not be sufficient on its own.

It will take at least a year to gauge the success of the new legislation because most companies are only just considering whether to give shareholders the choice, but TSB and S&N are already listening to shareholders' comments about the new format. For example, S&N decided to include directors' shareholdings in the summary report although this is not required by the new Act, but has been criticised for not printing full details of directors' pay (the Act asks only for the total).

At the same time, the less scrupulous may also be looking for ways to exploit the new regulations, and despite sceptical shareholders of important information, although Burton believes such risks are exaggerated.

"Shareholders still have the right to request the full document. If a company really produces a report that is too sparse, it will feel the backlash," she says.

Andrew Hill

IN BRIEF

BEAR STRAINS HOME LOAN
The US mortgage lender, this week launched the Passport Mortgage, a variable-rate loan which can be converted to a long-term fixed rate loan any time within the first five years of the mortgage.

The idea behind it is that home owners borrow mortgage at a variable rate of 14.9 per cent (APR 17.0 per cent) now. During the period the variable rate is applied, two different schemes allow the borrower to defer part of the monthly payment for three years. When interest rates drop, Bear Stearns will offer a low interest fixed rate and the borrower will transfer to this lower rate.

This is a mortgage with a large number of fairly complicated additional features, including some fees which are added in advance to the loan. It is thus likely to be of interest mainly to the more sophisticated mortgage customer.

There is an acceptance fee of between £150 and £250 when the loan is arranged and a further fee of 8 per cent maximum for the first five years.

On the other hand, one of the attractive features of the mortgage is that there are no early redemption fees.

Loans can be between £16,000 and £750,000. The mortgage can be linked to an endowment policy, a pension, personal equity plan or unit trust, or be interest only with no repayment vehicle.

A Budget Plan scheme launched by Citibank Mortgage offers a new way of keeping down costs at the outset. Borrowers are allowed to pay the endowment policy premiums for the first five years by adding them on to the mortgage. They can also add up to £5,000 to cover moving expenses. In both cases the capital size of the mortgage is increased, so you end up by paying interest on a larger sum. But it does relieve the pressure in the early stages when borrowers are usually most hard-pressed.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market price	Price before bid	Value of bid	Bidder
Almeco Group	251	235	193	30.95	Gyomai Int.
Do. A	550	588	540	19.25	Renova Inc.
Do. B	550	588	540	19.25	Renova Inc.
Camden Eng.	330	328	344	68.0	Marshall
Cont. Microwave	230	222	149	12.24	Pharos Mfgs.
Do. 5% Conv. Ptd.	112	107	85	3.55	Pharos Mfgs.
Crysalis	80 1/2	80	73	35.67	TT Group
Enco's Wilbey	225	225	225	11.17	Grovenord Secs.
Executive Clothing	29 1/2	29	29	0.98	Freemover
Globe Int. Tel.	101 1/2	105 1/2	174 1/2	1.03bn	Int. Conf. Ptn. Pl.
Highland Elect.	74 1/2	80	68	6.52	Arden
Holsons Pub'g	265	260	190	8.47	Daily Mail
Leasors	105 1/2	110	143	21.53	Nesco
Linc. & Edin. Tel.	220 1/2	220	175	49.7	SPP
Midsummer Leisure	128 1/2	129	150	80.67	European Leisure
Molins	276	276	246	83.00	Leucadia
Reinis & Crane	53	91	53	16.65	Worth Hld Gmbl
Optin Group	18	15	14	13.00	Systeme Reliab.
Parsons Group	22 1/2	22	18	4.11	Int'l Group

*All cash offer. **Cash alternative. †Partial bid. \$For capital not already held. ‡Conditional. †Based on 2.50p price. ‡15/50/141 suspension. §§Shares and cash.

RESULTS DUE

Company	Announcement date	Dividend (p)	Dividend (p)	This year
		Last year	1st	1st
FINAL DIVIDENDS				
Abnott New Dawn Invest. Tel.	Wednesday	2.0	4.0	2.0
Airflow Streamlines	Thursday	2.0	4.0	2.0
Amfort International	Thursday	2.0	4.0	2.0
Associated British Foods	Thursday	2.0	4.0	2.0
British Airways	Thursday	2.0	4.0	2.0
British-Borneo Petroleum	Friday	1.0	2.0	1.0
British Telecommunications	Thursday	1.0	2.0	1.0
Castings	Friday	1.0	2.0	1.0
Chamberlain & Hill	Wednesday	1.0	2.0	1.0
Chesfield Properties	Thursday	1.0	2.0	1.0
Comat Continental	Thursday	1.0	2.0	1.0
Courtauld	Wednesday	1.0	2.0	1.0
Elliot S.	Thursday	1.0	2.0	1.0
Black	Thursday	1.0	2.0	1.0
Fire Art Developments	Thursday	1.0	2.0	1.0
Gates Frank G.	Thursday	1.0	2.0	1.0
Gerrard & National Holdings	Monday	1.0	2.0	1.0
Goldsmiths Group	Wednesday	1.0	2.0	1.0
Isopad International	Friday	1.0	2.0	1.0
Jarvis Porter Group	Friday	1.0	2.0	1.0
Land Securities	Friday	1.0	2.0	1.0
London County	Friday	1.0	2.0	1.0
Mayflower Corporation	Friday	1.0	2.0	1.0
Monk Investment Trust	Thursday	1.0	2.0	1.0
Northumbrian Fine Foods	Thursday	1.0	2.0	1.0
Piston International	Thursday	1.0	2.0	1.0
Proving	Thursday	1.0	2.0	1.0
Ruston Investment Trust	Monday	1.0	2.0	1.0
S.E.A. Holdings	Wednesday	1.0	2.0	1.0
Readman International	Thursday	1.0	2.0	1.0
Scott's Restaurants	Monday	1.0	2.0	1.0
Smith James Estates	Thursday	1.0	2.0	1.0
Tart	Monday	1.0	2.0	1.0
Tribble Harris LI Inc.	Wednesday	1.0	2.0	1.0
Trincom	Thursday	1.0	2.0	1.0
Versen International Group	Thursday	1.0	2.0	1.0
Young & Co's Brewery	Thursday	1.0	2.0	1.0
Toshiba	Thursday	1.0	2.0	1.0
INTERIM DIVIDENDS				
Albion	Friday	1.0	1.0	1.0
Anglo Scandinavian Inv Trust	Thursday	1.0	1.0	1.0
Archer AJ Holdings	Thursday	1.0	1.0	1.0
BAT Industries	Wednesday	1.0	1.0	1.0
Bell Brothers	Thursday	1.0	1.0	1.0
Black	Thursday	1.0	1.0	1.0
Carton Communications	Monday	1.0	1.0	1.0
Cauldon Group	Wednesday	1.0	1.0	1.0
Chiltern Radio	Thursday	1.0	1.0	1.0
Chrysalis Group	Thursday	1.0	1.0	1.0
Compass Group	Thursday	1.0	1.0	1.0
Consolidated Co. Builders	Friday	1.0	1.0	1.0
Countryside Properties	Wednesday	1.0	1.0	1.0
Debonair Park Industries	Thursday	1.0	1.0	1.0
Edwin Smith	Monday	1.0	1.0	1.0
F&G Eurotrust	Thursday	1.0	1.0	1.0
Ferry Pickering Group	Wednesday	1.0	1.0	1.0
Fulcrum Investment Trust	Thursday	1.0	1.0	1.0
Gowett Atlantic Inv. Trust	Thursday	1.0	1.0	1.0
Grout Western Resources	Monday	1.0	1.0	1.0
Groutland West Diamond	Friday	1.0	1.0	1.0
Kelsay Industries	Thursday	1.0	1.0	1.0
M&P	Thursday	1.0	1.0	1.0
Morland & Co.	Friday	1.0	1.0	1.0
Radio City (Sound of Mersey)	Monday	1.0	1.0	1.0
Radio Humber	Wednesday	1.0	1.0	1.0
Shelbury	Friday	1.0	1.0	1.0
Thornton GW Holdings	Friday	1.0	1.0	1.0
UKO	Monday	1.0	1.0	1.0
Warner Estate Holdings	Thursday	1.0	1.0	1.0
Wharfedale	Monday	1.0	1.0	1.0
Whitcomb	Wednesday	1.0	1.0	1.0
Whitcomb Television Holdings	Thursday	1.0	1.0	1.0
Wolverhampton & Dudley Brew.	Thursday	1.0	1.0	1.0

*Dividends are shown net of tax and are adjusted for any intervening share splits. †Tax credit figures. ‡Dividend payment on class 'A' shares. §Figures quoted in South African cents per share. ¶Figures quoted in US dollars. †Figures quoted in Japanese yen.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (pence)	Dividend (p)	Dividend (p)
		(1989)	1989	1988
Adelson Cornish	Dec	308 L (2,140)	1.77	0.9 (1.4)
Allied-Lyons	Feb	865,000 (502,000)	47.7	43.7 (10.0)
Analysts Hedges	Mar	2,598 L (2,575 L)	-	-
Appley Western	Feb	2,040 (1,520)	23.0	16.5 (5.5)
Ascom	Nov	770 L (74 L)	-	-
Associated Farms	Nov	47 (36)	1.81	1.38
Bank of Ireland	Mar	134,200 (125,038)	28.2	24.5 (7.0)
Banks Holdings	Feb	1,540 (891)	18.3	6.9 (3.7)
Bellco	Mar	130 (10)	1.18	0.87 (0.5)
City of Oxford	Mar	971 (820)	4.86	2.6 (4.5)
East Surrey Wat.	Mar	1,610 (102)	-	-
Eastern Produce	Dec	7,470 (8,140)	-	-
Engle & Welf	Apr	2,580 (1,280)	8.03	5.0 (2.7)
Finning High Inc.	Apr	n/a	-	-
Gleaves Group	Jan	2,220 (2,080)	11.3	10.1 (4.2)
Harrods Group	Mar	3,220 (164 L)	12.0	-
Higdon Invest	Dec	480 (417.4)	6.84	8.25 (2.5)
Jernsey Invest	Dec	1,630 (310)	50.7	10.7 (8.8)
John Foster	Mar	1,280 (3,340)	-	-
London Invest.	Dec	841 (708)	1.8	1.17 (0.41)
Miles & Pinner	Mar	604,000 (523,000)	14.6	8.4 (5.0)
Monarch Hotel	Dec	2,390 L (3,120)	-	-
Mid-States	Dec	218 (280 L)	-	-
Ocean Wilson	Dec	15,870 (8,020)	21.6	2.25 (2.0)
Rodmans Group	Mar	3,380 L (430)	-	-
Rockwell Invest	Mar	5,505 (3,500)	18.5	10.0 (0.5)
Rockwood Hedges	Dec	8,220 L (1,900)	-	-
Salesbury J	Mar	420,700 (352,300)	18.4	15.1 (6.1)
Spears JV	Dec	1,900 (500)	18.3	4.98
United Guarantee	Dec	1,480 L (2,140 L)	-	-
Vital Holdings	Dec	1,182 L (12,880 L)	-	-
Walker Greenbank	Feb	7,300 (8,100)	5.1	2.61 (2.25)
Warner Howard	Feb	4,700 (4,200)	18.3	12.5 (8.75)
Warford Invest.	Mar	6,580 (8,440)	10.2	10.5 (6.0)
Whitcomb	Mar	380,200 (222,200)	48.6	35.2 (11.0)

INTERIM STATEMENTS

INTERIM STATEMENTS				
Company	Half-year	Pre-tax profit (£000)	Interim dividend per share (p)	
Alexanders Holdings	Mar	707 (673)	-	(-)
Apollo Metals	Mar	1,190 (877)	1.0	(0.67)
Appleson Holdings	May	1,280 (801)	1.5	(1.1)
Arm Holdings	Mar	4,840 (8,030)	1.8	(0.50)
Baggeridge Brick	Mar	2,580 (4,150)	0.75	(0.75)
Blenheim Exhibitions	Feb	14,500 (3,500)	6.0	(4.0)
Commercial Union	Mar	25,500 (45,100)	-	(-)
Cooperatives	Mar	4,450 (3,500)	3.37	(2.81)
Diploma	Mar	8,900 (9,000)	2.25	(2.25)
Dunelm Worldwide	Apr	3,470 (2,100)	2.4	(2.0)
ECC Group	Mar	50,900 (66,200)	8.5	(6.6)
Grand Metropolitan	Mar	408,000 (301,000)	7.6	(8.75)
Gravelly Whiffy	Mar	22,740 (10,500)	-	(3.2)
Hanson	Mar	570,000 (447,000)	8.0	(2.5)
Holmes & Merchant	Mar	3,640 (3,201)	3.3	(3.0)
Huntingdon IntL	Mar	8,850 (5,340)	0.8	(0.7)
Kinloch	Mar	8,020 (8,340)	0.6	(0.6)
McCarthy & Stone	Feb	5,700 L (11,800)	-	(1.21)
Metro Radio Group	Mar	1,000 (895)	1.5	(1.06)
Midsummer Leisure	Mar	4,120 (4,530)	1.5	(-)
Milling & Alford	Mar	167 (388)	-	(-)
Northborough Plastics	Dec	301 (302)	-	(0.5)
Regal Hotel Group	Apr	1,200 L (-)	-	(-)
Richards	Mar	1,700 (1,715)	1.07	(1.0)
Royal Insurance	Mar	79,000 (45,000)	-	(-)
Royal Dutch/Shell	Mar	819,000 (1,288)	-	(-)
Savick Group	Mar	42,500 (42,500)	-	(-)
TMD Advertising	Feb	1,740 (1,100)	1.8	(1.5)
Townkings	Mar	1,030 (1,810)	3.6	(3.5)
Ultramar	Mar	18,400 (32,200)	-	(-)
Unilever	Mar	395,000 (345,000)	-	(-)
Vaux Group	Mar	14,100 (14,100)	2.96	(2.58)
Western Selection	Mar	1,390 L (882)	1.7	(-)
Whitbread Invest. Co	Mar	7,370 (6,510)	11.8	(10.2)

FINANCE & THE FAMILY

Cash — never leave home without it

SOME YEARS ago a fairly well-to-do friend was travelling on holiday in the US, paying his bills by credit card. The high point of his holiday was to be a weekend on the West Coast, entertaining two friends whom he had not seen for many years.

Also it never happened. Shopping in Los Angeles, his credit card fell foul of a mistake on a list of "hot" (i.e. stolen) cards in a retail establishment. His card was unusable, and he was stuck in a hotel for the night. He was eventually put right but not before he had cancelled his trip with his friends and spent a rather miserable day in his hotel waiting for assistance — for he was without other means of drawing money.

Being stranded without access to funds is much less common than it used to be, but if you are planning a holiday abroad, it still pays to adopt a belt and braces approach and ensure that you have some stop-gap way of obtaining money, especially small amounts, if you need it.

The electronic revolution in retail banking means that you can expect to use your credit and debit cards while you are abroad in Europe, North America and much of the Middle East, and will need a good deal less cash than formerly. If you are planning a holiday outside the developed world, front-end finance such as a stock of foreign currency travellers cheques becomes much more important.

Foreign Currency: You will obviously need some almost the moment you step out of the airport. If you buy it in the UK, the rate for some currencies is much better than it will be on the spot, although this varies from country to country. Bank

commissions on the sale of foreign currency vary between 0.5 and 1 per cent. Thomas Cook charges a minimum commission of £1.50 which may make it uneconomical to buy foreign currency from them in small amounts. Specialist money exchange shops in big cities should be avoided, since most of them combine poor exchange rates with high commissions.

Remember to place your order for foreign currency several days before your departure as bank branches often have to order it.

But if you don't want the hassle of ordering in advance, remember there will almost certainly be banking facilities during daytime hours and perhaps a cash machine in the airport where you arrive. You can draw a limited amount of foreign currency on a card or Eurocheque there and wait until you are installed in your hotel to change a larger amount. This may be a particularly good idea if you know that you can get a better exchange rate locally than that available in the UK.

Cash machines: One of the easiest ways to draw money is through "hole in the wall" machines. You can draw money on debit cards, credit cards through Visa and Access/MasterCard. There is a daily limit on the amount of money you can draw in this way, and that you must know your PIN (personal identification number). The limit on overseas cash withdrawals on Barclaycard is only £100 per day for instance, though gold card holders can draw £200 through a machine.

American Express has its own cash machines at leading international airports and has arrangements with some national networks such as Link in the UK and

TRAVEL MONEY

Despite the advances in electronic banking and credit facilities, it still pays to ensure that you have some stop-gap way of obtaining money while on holiday, says David Barchard



Telebanco 45 in Spain. Link, which serves smaller banks and the building societies, has just announced a tie-up with two Continental cash dispenser systems. Telebanco 45 in Spain and Multibanco in Portugal will allow customers to draw up to £250 a day from a network of 2,700 machines.

Some special two-way links between banks already exist. Customers of Royal Bank of Scotland can use their cash cards in branches of Bank Santander in Spain, for example. But there are plenty of pitfalls in using plastic cards in cash machines abroad. You should find out local conditions before you depart.

Germany, for example, has one of Europe's most highly developed networks of cash machines with Eurocheque machines at almost every corner in big cities. Unfortunately they are not much use to the average English tourist since only a minority of the machines can be operated by foreigners, though the number

is rising rapidly. Eurocheque says it will have 1,500 international cash dispensers in Germany by the middle of the year. Until recently there were no Visa cash machines at all in Germany, and though one bank has begun opening its cash machines up for Visa cards, you should not yet count on being able to find one in most towns.

A further complication affecting owners of Eurocheque cards is that while Midland and NatWest issue their UK customers with Eurocheque cards which can be used for drawing cash from machines, Barclays Eurocheque cards do not work in cash machines and only function as cheque guarantee cards.

Eurocheque incidentally has just expanded its network to include Israel. Machines can be found throughout western Europe. Visa cards can also be used to draw cash advances from bank branches. However, you will usually pay about 1.5 per cent service charge on a Visa withdrawal from a bank or cash machine.

Plastic cards have the great advantage of being easy to carry everywhere, even on to the beach. Prompt replacement if they are stolen is most likely to come from American Express, which can issue a new card within 24 hours.

You may find however that you do not get the cheapest rates for foreign exchange by using a cash machine. "We offer a middle rate which we think is fair to customers rather than the cheapest one that is going," says Jack Waterhouse of American Express.

Travellers Cheques: These are a rather old-fashioned form of payment. They are popular with travellers on limited budgets because you cannot overpay on them in the way that you can with credit cards. They are fairly easy to replace if stolen (though it can be bothersome recording the details of each encashment).

The backing of American Express or Thomas Cook can be useful when in trouble: a group of inexperienced young television journalists recently found themselves faced with a bill for around £1,000 for two beers and a bottle of wine in a nightclub in a Mediterranean city.

Fearful of the consequences they cashed all their travellers cheques and paid up. Their employer was delighted to discover the next morning that American Express (unlike their consulate-general in the city) was ready and willing to step in and help resolve this sort of difficulty: the cheques were cancelled, much to the relief of the journalists concerned.

However, travellers cheques are fairly expensive. You pay a commission (usually around 1 per cent) when you buy them, and unless you go to the office of the

company which issued them, you will probably pay a second commission when you cash them.

In some countries, particularly in North America, it is best to take travellers cheques in local currency. This is less true in Europe. When you change unused foreign currency travellers cheques back into sterling, you will lose some money on the bank's commission.

Eurocheques: Very popular in Northern Europe, but less widely accepted in some countries, for instance France, than in others. They make a very good back-up for people relying mainly on plastic cards who want limited amounts of local cash.

There is a relatively low ceiling on the value of each Eurocheque (in my experience around £150 a day) and it takes a few weeks to set up a Eurocheque arrangement with UK clearing banks, who tend to be surprisingly slow to issue the cards and cheques. They will charge you around £8 a year for the card. You will also usually pay a commission of 1.5 per cent on the value of each cheque cashed as well as a handling charge of around 30p.

But you will be drawing money directly in the local currency in amounts selected by yourself. This offers more flexibility than travellers cheques where the denomination of the cheque is set in advance and can be inconveniently large or small.

Eurocheques, as the name implies, are basically confined to Europe and the Mediterranean basin. Use them further afield, in North America for example. But travellers who do not need to monitor the amount of cash they are spending may well find that a Visa card and a book of Eurocheques is all they need.

Sara Webb reports on a growing interest in financial matters

On the hunt for gains in Spain

THE SPANISH are not a particularly altruistic race when it comes to personal finance.

"Why should I provide for my wife so that she can spend the money on her lover when I'm dead?" was the reaction Equity & Law came across when they tried selling their life insurance policies in Spain. The company found it easier to win male customers by emphasising the possible benefits for their children.

Attitudes are different, as many foreign companies working in the financial sector have discovered. However, these companies expect to see a boom in the personal finance sector in Spain during the next couple of years, provided the Government introduces tax cuts, particularly in relation to investments.

Much of the wealth in Spain belongs to people who have sold off family businesses or who have had dealings in real estate — and there are plenty of banks and financial managers willing to offer advice.

The more sophisticated investors — high net worth individuals with perhaps £1m to invest — often use a collective investment (known as an SIM in Spain) to manage a portfolio of shares in a tax efficient way. These are listed on the stock exchange and pool the money from perhaps a hundred or so investors with similar investment goals. The money is usually managed by a bank or broker and pays corporation tax of 15 per cent, rather than the usual 35 per cent.

The Spanish Government is currently working on a tax reform plan which many hope will lead to a reduction in the top marginal rates of income tax, allow for a more generous treatment of long-term gains, and improve the tax position of unit trusts.

If so, unit trusts could become much more popular among small investors. Traditionally, they have had a reputation for being poorly managed by the banks: the main criticism is that banks dump unwanted industrial and banking shares in the trusts.

Banks manage money, trade for themselves and have industrial holdings — of course there are conflicts of interest, points out Federico Garayalde, chairman of brokers Bravo & Garayalde. "If you look at the unit trusts managed by banks they are often full of bank shares and industrial shares. A few banks are clever enough to realise it is not a good idea not to mix things such as bank shares and industrial holdings."

As one of his rivals pointed out, "One of the main challenges for Spain is to have well-managed unit trusts." Juan Fabregas, managing director of brokers Benito y Mondragon, notes that "if the tax on unit trusts is reduced the funds will have a tremendous advantage and there will be a boom in their growth."

Favourable tax treatment for unit trusts could well persuade more people to invest in equities indirectly (via funds) than directly. They have, incidentally, been regarded as a bit of a casino — the four stock exchanges linked by a computer trading system) as a bit of a casino — although the 1987 crash deterred some speculators.

"The Spaniards like a quiet flutter," says one foreign broker, "and it is not unusual for clerks and office workers to take advantage of any income

don which comes their way in the course of work in the stock market."

Others — the more long-term investors — were wooed by partial privatisations such as Indesat, the energy conglomerate, which attracted private investors with an extensive sales campaign.

Gains from investments are added to income and taxed at the top marginal rate in Spain. This deters private investors from investing aggressively. "The tax system is not good for the stock market because people who inherit share portfolios do not want to turn over their investments," says Luis Abril, managing director of Privanza, the private banking arm of BBVA.

But if tax rates come down, there should be a boom in the perpetual futures area. "The vast majority of Spaniards have been unaware of sophisticated financial products such as endowment policies," says Kenneth Bonavia, a lawyer with Stephenson Harwood.

Some financial services companies are looking at the possibility of launching ten-year investment policies which would help to define the tax liability for the investor. And a few think there is plenty of scope for expanding in the life assurance area too.

"The growth potential for the financial sector is enormous," says Carlos Larsen, account director at Burson-Marsteller, the US-based PR group. "The percentage of Spaniards with life insurance policies is minimal — people are not used to insuring themselves, they don't want to think about it."

Changes in the tax system should help to put an end to the various tax dodges available to Spaniards inspired by a top marginal income tax rate of 35 per cent.

There's an enormous pool of black money in this country," says one stockbroker. The self-employed ask their customers whether they want an invoice, and those who don't get a discount on the service. Where does all the black money go? Spaniards have started to sever tax dodges in recent years. A couple of years ago, single premium insurance bonds or "primas indicos" were very popular. These were sold by the banks' insurance companies as a suitable means of avoiding tax. But the government got wind of what was going on and the insurance companies were forced to hand over lists of policyholders who were tracked down, taxed and fined.

Investors have also poured their black money into treasury notes or "papeles del estado". The Government issued short-term bearer paper to attract "black money" but only offered a low rate of interest. It allowed the Government to borrow cheaply and coaxed undeclared money from under the mattress.

However, the Basque authorities then issued notes with a higher rate of interest of about 7 per cent which dived this undeclared money to the Basque region — to the surprise of the Bank of Spain.

Now the rates on the two kinds of note are going to be equalised: but even though Spaniards can earn up to 15 per cent interest in bank deposits, these notes will probably remain popular for disguising undeclared income until the system is reformed.

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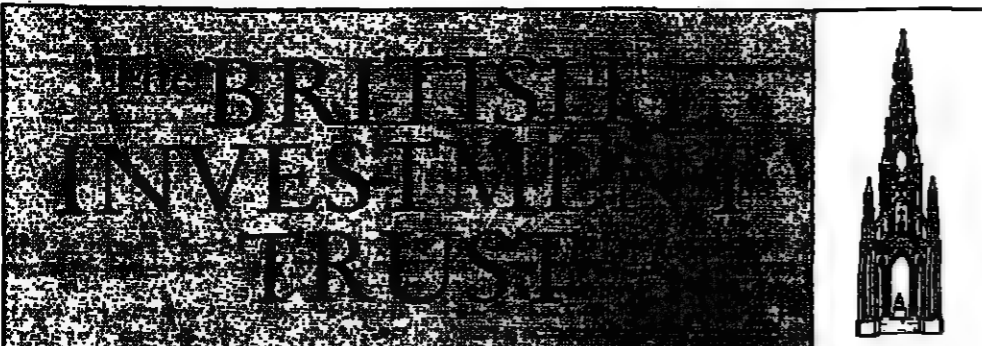
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possible in 'Commitment to Our Customers'. It's just one of the ways we aim to banish our customers' gripes.

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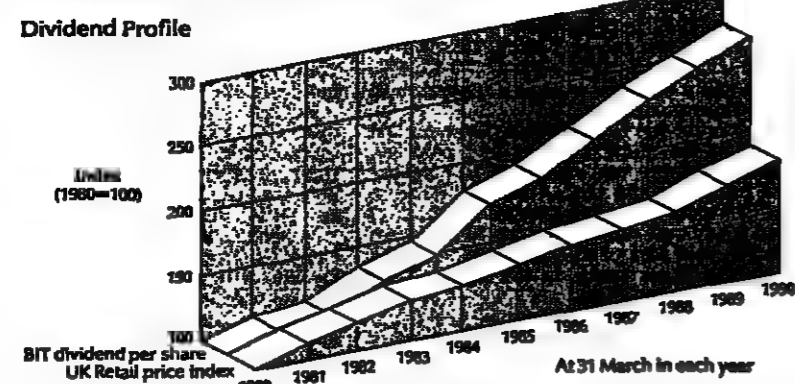
Banishing Gripes
British Gas



The British Investment Trust aims to achieve long term capital growth from a portfolio of international investments and secure for shareholders regular increases in dividend.

HIGHLIGHTS OF THE YEAR	1990 (unaudited)	1989	% Change
Ordinary shareholders' funds	£478,020,000	£451,756,000	+ 5.8
Net asset value per share	766p	724p	+ 5.8
Income	£25,345,000	£19,303,000	+31.3
Earnings per share	22.78p	20.78p	+ 9.6
Dividend per share	21.50p	20.00p	+ 7.5

The Company's subsidiary, Edinburgh Fund Managers, is not consolidated in the above figures consistent with the accounting policy adopted in the 1989 Annual Accounts.



Please note that past performance is not necessarily a guide to future performance and that the value of shares and income therefrom can fluctuate, so that investors may not necessarily get back the amount invested.

For The Secretary, The British Investment Trust PLC,
4 Melville Crescent, Edinburgh EH3 7JH
Member of IMRO
Please send me a copy of the 1990 Annual Report & Accounts

Name _____
Address _____
Postcode _____

FINANCE & THE FAMILY

EXPATRIATES

The taxing side of living overseas



MANY BRITONS who live overseas, whether in retirement or by reason of their employment, never entirely succeed in escaping the attention of the UK taxman.

Inheritance tax remains payable unless you achieve a domicile overseas and limit your UK assets to £128,000. Furthermore, many sources of UK income remain taxable wherever you live.

However, important changes in the UK's tax law effective from April 6 provide the means - in some cases at least - of rectifying the situation for expatriates. For example, non-residents can benefit from the rules relating to the independent taxation of married couples and many of them are, for the first time, entitled to the same allowances and reliefs as UK residents. The favoured categories are:

- citizens of the UK, Commonwealth and Eire;
- anyone who is or was employed by the Crown, or is the widow or widower of such a person;
- anyone employed by a missionary society in, or by the Government of, any territory under British administration;
- residents of the Isle of Man or Channel Islands;
- anyone who previously resided in the UK but now lives abroad for the sake of his health or a member of his family resident with him.

Some double taxation treaties between the UK and other countries also give the right to reliefs, although usually at a

cost of paying tax on the UK income in your host country. As usual under the UK tax system, it is for you to prove eligibility and to claim entitlement. If your income is taxed elsewhere, it would probably be best to claim relief until the end of the tax year.

On the other hand, those who pay tax directly - say on UK letting profits - would be well advised to act without delay. It is a fair assumption that any non-resident who falls within the five categories will sooner or later discover that a long-standing and much misunderstood piece of Inland Revenue practice will deny them the expected relief.

This could occur if you receive UK income paid gross from such sources as National Savings income or deposit bonds or as a result of complet-

ing a declaration of non-ordinary residence in the UK - from bank or building society accounts. It is not generally realised that such income remains liable to UK tax, although as the Inland Revenue property you own in the UK, the liability, no problems usually arise if it is your only UK taxable income.

However, say that you receive £3,000 a year paid gross from a UK deposit account and £3,000 annually from letting property you own in the UK. You might well think that your £3,000 personal allowance will be available to extinguish the tax which would otherwise be payable on the letting profit.

But you would be wrong. The personal allowance will be allocated first against the interest earned on the deposit account and while no tax

would be collected on the remaining £495, your letting profit would be taxed in full. Happily, the problem is easily solved. It involves nothing more complex than transferring the deposit offshore.

For those receiving British state pensions, which give rise to similar treatment, the only escape is to claim exemption under any double tax treaty which might be in force between the UK and the country in which they live.

In the case of married couples, both eligible for reliefs, the availability to each of the £3,005 personal allowance, plus £1,720 married couples' allowance will often require a re-allocation of resources between them if the benefit achievable is to be maximised.

For example, if you receive dividends of £3,000 a year from a UK private company and your spouse has no British income, the transfer of half the holding to her would save you tax of £761 a year (£3,005 at 25 per cent). Remember, however, that private companies have the right to decline transfers without giving a reason, so a word with the company secretary about what you have in mind would probably be wise.

Similar considerations apply if the asset generating the income is a UK property which is transferred into joint names. However, in such cases, the difficulty and expense involved is likely to be greater, particularly if a mortgage is involved.

But there are some circumstances in which such trans-

fers might be undesirable. Often one of the spouses achieves non-residence while the other does not. In this case, while the reorganisation might well cut the income tax payable, it could be disastrous from a capital gains tax point of view if it involves the transfer of assets from a non-resident (who is not liable to the tax) to a resident (who is).

Transfers might also be undesirable in the case of marriages involving a foreign partner who neither qualifies for relief nor is a UK resident.

Transfers to such persons obviously cannot give rise to income tax advantages (although transfers from them might well do so) and could give rise to inheritance tax problems. For if the transferor is a UK domiciliary and the transferee is not, the normal unlimited exemption in respect of assets passing between husband and wife is replaced by one limited to £25,000.

That apart, transferring assets between spouses will not give rise to inheritance tax, capital gains tax or stamp duty problems. But remember that it is not only tax matters which need to be considered when transfers are in prospect. The collapse of the marriage or bankruptcy could cause serious problems. Wills should also be scrutinised.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

Who owns a property

MORE COUPLES are seeking to minimise the impact of inheritance tax on their estates by each writing a share of their estates, which they should own as tenants in common, to their children.

You have advised that a right of continued occupancy should be achieved via the majority shareholding of the surviving partner.

Does this majority shareholding also ensure that the surviving partner can resist pressure to sell the property?

■ The ownership of the

major share of the equity does give its owner a strong basis on which to resist a sale of the property, but not an absolute right to block a sale.

Section 30 of the Law of Property Act 1925 enables an application to be made to the court for an order for sale, and the court exercises its discretion as to whether or not to order a sale.

No funds originating from your wife or yourself should be paid into the account in order to avoid apportionment problems under section 663 of the Income and Corporation Taxes Act 1988 (after you and your wife become resident in the UK once again).

We take it that you were domiciled in England and Wales (or in Scotland or in Northern Ireland) at the time of your daughter's birth, and that your wife would be wrong to say that she was not.

English law. Your parents should send a letter with each cheque, so that the source of the funds can be proved to the UK tax authorities in due course, if need be.

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We take it that you were domiciled in England and Wales (or in Scotland or in Northern Ireland) at the time of your daughter's birth, and that your wife would be wrong to say that she was not.

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Q&A

BRIEF CASE

No legal responsibility can be accepted by the Financial Times for the opinions expressed in these columns. All liabilities will be assumed by the author.

creating a discretionary trust under which your sister, the charities and the other people whom you wish to benefit are all discretionary objects. You would need to appoint trustees whom you can rely upon to follow your wishes.

Going hungry

MY WIFE and I are joint 999-year lease-holders of an apartment in a block of 12 for the elderly. Part of the building houses a restaurant which I own. I retain for my own exclusive use whenever I am in the UK. At no time is it let. I have received notification that I am to be registered under class 'F' for a standard community charge of double the personal community charge. Can this possibly be correct?

■ It is likely that your community charge registration is correct, as your main residence appears to be the flat that you occupy in Italy. If your main residence were here and the residence in Italy only occasional you could claim to be liable for the personal charge only.

Read up on trusts

I AM interested in setting up a trust to lessen the impact of Inheritance Tax in favour of my children. I wish to avoid using insurance companies alone. Please suggest a short reading list dealing with trusts. I should, of course, use a solicitor to set up a trust.

■ If you wish to require a trust, you will need to require a trust of the nature of a trust, you could consult *Snell's Principles of Equity and Trusts* and *Wade's Law of Real Property*. However, the subject is quite complex and we think you might be wiser to consult your solicitor first.

What can I do? Assuming both plaintiffs win, the restaurant still has to find a restaurant to meet our needs which will be able to pay very high maintenance costs for certain facilities - can I refuse to pay?

■ It may be possible to seek a mandatory injunction against your landlord both as an interim measure until the hearing and in the form of a permanent injunction at trial.

Tax bill on estate

I AM AN elderly widower (79) with no children but an older sister (94). If I die first, I wish to leave my estate so it provides income for my sister for the rest of her life. Therefore, I wish the capital to be split between charities and other beneficiaries.

My solicitor informs me that if I do this, the Government will tax the money destined for charity at 40 per cent. Is there any way of avoiding this liability while providing for my sister's maintenance?

■ In view of your sister's age you may be able to avoid this more beneficial tax position by

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Get a bigger international punch in your PEP.

A New Opportunity

If you're looking for a PEP with punch you should know that The Saints PEP has just benefited from the Chancellor's budget.

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Look at the table in the centre of the page and you'll see that if you'd invested

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Shown here, the growth of £3,000 pa. invested in Saints over 10 years.



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MINDING YOUR OWN BUSINESS

Breakaway in a small way

ONE OF the first principles of a successful business is planning. When you are starting out, the thought of what to do for the best when you want to bow out scarcely crosses the mind.

According to 31, the venture capital group, only 30 per cent of family businesses reach the second generation. Fewer than two-thirds reach the third generation. Too often they become absorbed into larger groups. And yet 80 per cent want to remain independent.

Why doesn't it work out? All too often it is because the owners are unaware of the options other than selling up.

Management buy-outs are not just highly publicised breakaways from public ownership. They can also operate on a much smaller scale, giving a company owner the opportunity to pass his business

on to managers - often family members - who understand the objectives and principles of the business.

A more recent phenomenon - one which is a legacy of the enterprise culture of the 1980s - is the management buy-in.

A register of more than 200 executives who are interested in buying a stake in an independent business, rather than starting up their own from scratch, has been built by 31. Their expertise in running established operations can often ensure a company's continuing independence and future success.

For Alex Wilson, and Jeff Hughes, both

in their sixties, joint owners of a business and ready to retire, the independence and integrity of the £7m turnover computer systems house, Wilson Hughes - they set it up in 1973 - was assured through a management buy-out.

The company was bought from Wilson and Hughes for £800,000, of which a £300,000 equity was raised by the management team. The four existing directors knew about the day-to-day business operations and had the trust of the 60 staff.

But they also needed the support of an experienced company director to ensure

that growth and independence could continue to reign.

Enter John McCullagh. At the age of 47, he found himself, cash in hand, considering his options, after an amicable departure from the electronics business of which he had been managing director.

Although he had the cash and knew he could also raise sufficient money to start up his own business, McCullagh was not attracted by the idea. "Starting up a new company takes a long time. My age was against me and besides since all my experience was in running established businesses I was not at all sure I would be any

good at it."

Instead, he approached 31 with a view to finding a suitable, established business he could buy into. McCullagh was first introduced by 31 to software distributors Xitan. He teamed up with members of the existing management to buy the company from its parent, Kode Electronics. His share of the £210,000 management collectively raised was £50,000, which he opted to borrow from his bank.

McCullagh now owns 17 per cent of the equity and is the company chairman.

It was McCullagh who introduced Wilson and Hughes to 31. It was an attractive

combination for the retiring partners, who could rest assured that the company they had founded and successfully nurtured was to remain independent - and that its employees knew and trusted the existing management.

Once again, McCullagh has taken on the mantle of chairman and has contributed a £50,000 stake - this time in cash. "This is the sort of money most middle or senior managers could quite easily raise, secured against property or a pension," he says.

The finance package was raised, in part by the five-strong management team, plus McCullagh, together with a contribution from 31.

31 Plc, 91 Waterloo Road, London SE1 8XP. Tel: 071-928-7803.

Jessica Alexander

Cinderella: a domestic help

YOU WOULD be forgiven for wondering if a company called Cinderella might be in the delicatessen business.

The Victorian mahogany and glass panel advertising daily arrivals of Normandy and Brittany butters "is an original feature of the company's building, next to the railway, and it often excites local Sydnam, Kent, historians.

Cinderella kept the panel as a feature when it took over the premises last year, completely refurbishing it with a £20,000 Business Development Loan from the National Westminster Bank.

The rest of the office is modern and business-like in its turn, grey with pictures by local artist Ann Fried - for sale, of course. The fax and photocopier do double duty for passers-by and other local businesses who want those services.

The attractive high street offices are actually part of a long-term strategy to take Cinderella into the next phase of business development. It is preparing to launch the children's and domestic services agency it started eight years ago as a franchise.

It was the frustration of not being able to find a workable combination of jobs and childcare to make going back to work an easy option which inspired three young mothers, Wiseman, Liz Rowland, and Selma Pickup, who have since left, to set up an agency in the first place.

Each of them borrowed £100, which they paid back after the first month, and Cinderella was born in a front room.

The system they came up with was a membership scheme for clients, who each paid an annual fee of £5. For this Cinderella would introduce any domestic or childcare help required - from a baby sitter to a full-time nanny, a

daily cleaner, plumber or gardener. Once the initial contact was made, it was up to the members to pay direct.

Today, Cinderella has around 400 members who pay £100 in their first year and £75 if they renew membership in subsequent years. Some clients have been members since the beginning. Membership fees account for roughly 25 per cent of turnover.

A live-in nanny might get £70 a week, a daily nanny is paid £150 net. The quoting of net fees is typical in the many businesses. "That's the only figure they want to know," says Rowland. For the first couple of years, while they built up members, initially through friends and then through advertising and attending working women's groups,

working from the front room sufficed. Turnover in year two only amounted to just over £5,500. Moving to an office when the need for more space and a more permanent arrangement became irresistible gave business an enormous boost. Turnover has doubled from £35,000 in the first year to £70,000 in the last two years. "We found being office based gave us more credibility, especially when we were interviewing potential nannies for our books," says Wiseman.

At the same time Cinderella became a limited company. "We're all married and the risk, if anything went wrong, of encroaching upon our private lives and affecting not just the three of us but also our husbands, was too great."

The franchise package has been drawn up with typical thoroughness. "There are companies who do the franchise package for you - but we felt they were a bit too hard-sell for us," says Wiseman. "We used our solicitor."

Apart from their share of the turnover of each regional Cinderella operation, Wiseman and Rowland also view the potential for Cinderella money back with real interest. Wiseman explains: "If a

nanny in Bristol wants a job in London she can be interviewed there and all her papers sent to us; we'll know the interview results, conducted by our solicitor, can be relied upon, and then they fix up job interviews for her even before she arrives in town. Everyone saves time and money."

■ Cinderella Ltd, 223 Kirtland, Sydnam, London SE26 4QZ. Tel: 071-576 0817.

J.A.

All this is done with a surprisingly small staff: two part-timers, a freelance bookkeeper and the occasional temporary help when it is needed.

With eight years' experience under their belts, Wiseman and Rowland felt ready for a new challenge. The franchise concept was an obvious way of using their know-how effectively - and, according to the accountant, a venture which could very quickly bring in a clear £20,000 profit.

Franchisees are seen by them as the ideal way of expanding the business without too much capital investment. "Because it will be their own business, we think the franchisees are likely to be more motivated than branch managers, anyway," adds Wiseman.

The company hopes to have the first three franchises operating by the end of the year. It has already had inquiries from Cornwall and Scotland.

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J.A.

A professional girl Friday



Penny Dearing of Girl Friday, Barnet, Surrey

PENNY DEARING'S frustration with the attitude of employers towards women whose only training has been years of running a home and organising a family will find many a kindred spirit.

In her case it has spurred her to become a professional girl Friday.

"You would think 20 years' experience of life was good competition with any school leaver," she says. "But it seems the skills of wife and mother are little valued in the business world."

Dearing was faced, at 46, with the challenge of making those skills worthwhile, when her marriage ended after 19 years and forced her into the deep end as the breadwinner for herself and two sons.

Initially that meant claiming social security. But she was determined that would not be a permanent solution to her finances.

The Enterprise Allowance Scheme caught her eye. It paid £40 a week for the first 13 months, if you had been unemployed for 13 weeks or more and had an idea for your own business.

Dearing's National Westminster bank manager gave her the £1,000 capital backing needed to get started. But she never used it. "I was scared of getting into debt which I could not pay off," she says.

She made her business plan as broad as possible. Calling her one woman business Girl Friday, she listed all the things she had done during her marriage - driving, shopping, cooking, cleaning, ironing, gardening, typing letters, general housework. Being married she had run

short post-graduate courses at Imperial College, London. But she had not worked outside the home since.

She admits she knew little about business when she first started, two and a half years ago. "My working experience before I was married was in education and I quickly discovered the difference."

Too nervous of what she had to offer, she did not advertise her Girl Friday services. Instead she circulated her business card among friends and acquaintances.

"The jobs were all pretty mundane at first - walking dogs, cleaning, ironing, that sort of thing." She would check the local paper, look at the cards in the window of the post office, and then a few agencies, to get an idea of the going rate for each job. "But I tended to undercharge rather than overcharge."

She now places a lot of faith in her accountant. "Getting an accountant was one of the best pieces of advice I had in that

first year."

Her book-keeping consists of recording all her income and expenditure. He works out what's allowable and what isn't. "He's saved me money in lots of ways - for instance, in running my car - simply because I would not have known what options were open to me."

Dearing has been amazed at how quickly the nature of her work has changed for the better. She does very little of the domestic work she started with. Now, she works with exhibition organisers, running hospitality suites, does promotion work for companies, and has recently started to escort official visitors to Britain on behalf of the Foreign and Commonwealth Office.

Exhibition work takes up around half her time during the winter months. In the summer the emphasis is more sporty. She is one of the team of drivers for Wimbledon, running tennis stars to and from the tournament and their hotels.

Depending on the job she either takes the given rate or sets her own. It varies between £40 and £250 a day, plus expenses. The more glamorous assignments are not usually the best paid - she will only earn around £200 during Wimbledon this year, for instance. But she acknowledges it will be a highlight in her calendar.

She is never without a business card - "You never know who you might meet or to what business it might lead."

It's a strategy that has paid off. A batch of her work now comes through recommendation - and she's willing to turn her hand to most things. A recent job has been overseeing the furnishing of a six-bedroom house intended for family use.

Since she started, Dearing has invested in a new car and good telephone answering machine. "I learnt the hard way that second hand equipment can often cost you more in repairs than you save."

This year's capital investment is a £499 Amstrad PCW 5612. "I used to have to pop round to one of my clients' office to type my letters."

Having a reliable car has been essential as many of Dearing's jobs require her to provide her own transport. She took out a three-year bank loan for the car, an Austin Maestro which costs her £100 a month.

As for earnings she says: "I don't actually know what I'm earning at the moment. But I know that I no longer panic when a bill arrives..."

■ Girl Friday Services, 14 Wellesford Close, Barnet, Surrey, SM7 2EL. Tel: 0737-360637.

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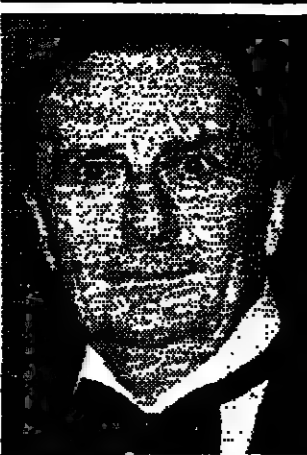
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PERSPECTIVES



One of the most famous components of *Who's Who* entries is the list of 'recreations,' written in the subject's own words. Above, Barry Humphries, who lists his recreations as 'reading second-hand booksellers' catalogues in bed; inventing Australia'



Actress Maureen Lipman: other people's problems, full-time gift



Robert Runcie, Archbishop of Canterbury: owning Berkshire pigs



Jilly Cooper: merry-making, wild horses, music, moustache



Journalist Miles Kington: growing parrots, meeting VAT people



Writer Naomi Mitchison: accompanying to luncheon



Sir John Harvey-Jones: driving one of his donkeys



Writer and director Dr Jonathan Miller: deep sleep

The what's what of Who's Who

Melanie Cable-Alexander unveils the secrets behind one of the world's best-known publications

CAMERAS have been allowed into the Supreme Court. The KGB has gone public. East Germany's Secret Police are no longer secret. But at number 32 Bedford Row, headquarters of one of the world's best-known reference books, the door remains shut. For this Queen Anne building, set in a quiet London side-street, houses one of the best-kept secrets in Britain.

Who's Who is run by women. From its foundation in 1887 this register of the male-dominated Victorian world had to guard its secret for fear of losing all credibility. However, times have changed and *Who's Who* has had to move with them. Whereas in the past it has played hide-and-seek with cameramen who even tried to film through the windows, *Who's Who* is now letting the public in.

But it still isn't easy. "I want to speak to the editor," I said. "There is no editor," replied a cosy female voice at the other end of the telephone line. "Well, can I speak to whoever is in charge? There isn't anyone in charge," said the voice. "Why don't you come and talk to me, dear?"

Once inside I was greeted by a small team of middle-aged women sitting behind desks piled with chaotic hillocks of files and giggling over the book's entries. Beaming at me from behind black-rimmed spectacles was my contact. "I'll tell you my name," she said politely, "but I would be grateful if you didn't print it."

Who's Who started in 1849 as a sparse list of eminent people - judges, peers, archbishops, generals, members of the House of Commons. It has since grown to include names, date of birth, rank, title and last. In 1886 it was bought by its current pub-

lisher, A&C Black. In 1897, details of education, publications and recreations were added, a format which has remained unchanged for nearly a century. For the first three years it had an editor, Douglas Sladen, until he fell out with Black's then chairman. From then on *Who's Who* was run without a named editor - and by women.

"I think we did have a man in the office once," my informant said, "but it's the type of job that suits women."

Who's Who has always been controversial: it has been accused of being a reference book for snobs; as exclusive as a gentleman's club; and of operating the ultimate old-boy network.

Many who fail to get an entry feel they are the victim of a calculated snub. Why do so "few journalists find their way into *Who's Who*," asked P.J. Kavanagh in the *Spectator*, "whereas not very productive poets and experimental novelists are to be found there, basking?"

Some will go to any lengths to get in, like the Rolling Stones who, at the height of their popularity in the 1960s, sent their agent to demand an entry. "Good heavens, no," was *Who's Who's* response. "Who knows, they might be barrow boys next year." Later that day the agent sent round a barrowload of flowers. *Who's Who* now wants to give Mick Jagger an entry but he refuses to supply his details.

There are also those who will go to any lengths to stay out, because they believe that *Who's Who* represents all the things about the British Establishment they despise. The left-wing MP Tony Benn (the House of Commons Strangler) tried to white his entry down to "Tony Benn, MP." "We had to negotiate with him heavily to

persuade him to extend it," *Who's Who's* leader Arthur Scargill persistently refused an entry, but during the miners' strike of 1984/5 when *Who's Who* felt he was too notable to be ignored. The team compiled his entry and took his failure to reply to their letter as an acceptance. The entry caused a "great kerfuffle," according to the *Who's Who* women. Scargill's secretary commented: "All I can say is that he was very cross."

Louise chairman Tiny Rowland has refused to be in. So has journalist Bernard Levin, a firm anti-*Who's Who*. Levin was said to be "far too busy" to talk about his

"Once when I was in Khartoum, I was grabbed by the presidential guard outside President Nimeiry's palace. I protested that I had an appointment with someone in the government and was only trying to find him. They took me to an office where I was left waiting to be checked out. *Who's Who* was on the official's desk. I asked him to look

me up, hoping against hope I was in it. He smiled in disbelief but I insisted that he look up the name in my passport, and there I was! Suddenly there was a reception committee, red carpet, drinks, the lot. *Who's Who* has its uses - but it is a dreadful nuisance."

For example, in the last eight years it has doubled the number of entries for businessmen. It is also planning to extend its coverage of influential figures from Europe in anticipation of the single mar-

ket in 1992. The team gets many of its ideas from reading the newspapers. The book now includes fewer religious figures, and gone are the long lists of army personnel carried in its pages during the years of the Crimean and Boer wars.

The most delicate recent issue for *Who's Who* has been the idea of living together out of wedlock. "How are we meant to describe it?" the spokeswoman said, "grinning widely. 'Living with partner of, or having an affair with...'"

Who's Who first hit this problem some years ago with the pacifist Pat Arrowsmith, who was not only unmarried but

living with another woman. "She was most insistent that her partner was put in so we had to agree to it. But shortly after we included the entry the couple split up, so we eventually settled on: 'Lesbian relationship with Wendy Butlin 1982-1976'."

Deciding who is distinguished enough to be included in *Who's Who* also calls for sensitive judgments and each new edition is criticised for the people the team has missed.

Admittance can be achieved in two ways. Automatic invitations go to MPs, High Court judges, senior civil servants,

editors of national newspapers, and peers. The rest - businessmen, actors, authors, artists, doctors, scientists and even some journalists - are chosen on merit by selection boards, headed by Charles Black, great-grandson of Adam Black, the founder and chairman of A&C Black.

This means that on the one hand considerable space is devoted to those who like Jane Austen's Sir Walter Elliot, have little importance besides the accident of birth. On the other hand many people in the public eye - such as Peter Sissons, the BBC presenter - are excluded. To make it into *Who's Who* as a newsreader or TV reporter you have to do something "worthy," like Michael Fuert, who brought the Ethiopian famine to British public attention.

Furthermore, once in *Who's Who* you are in for life. This restricts its value as a cultural barometer because those from the more fickle professions, such as pop stars, sportsmen or even some members of the royal family, will not readily be included in case they peak young and retire early.

"However badly you behave you are not struck off," says Jilly Cooper, who has a characteristically entertaining entry. *Who's Who* shrugs off criticisms of its "we-are-what-we-are" attitude, as well as its A&C Black profits in 1989 were £617,000, much of it from the book. With little effective challenge to its market niche, *Who's Who* has remained the most secure money spinner for its publishers, whose other interests include school books, multilingual texts, travel guides and a medical dictionary.

But whatever *Who's Who* is, and who ever is behind it, it provides above all an entertaining image of people's individual

vanities and personalities. All entries are autobiographical and, as with a CV, the sections that are left out are often the most revealing. "We noticed that Anita Brookner kept changing her date of birth. This went on for a while until someone spotted this and there was a big outcry," Brookner retailed by removing the offending information.

The famous are also prone to leave out ex-wives - veterans of three or four marriages will reduce them to one or, if feeling brave, two. "This causes great antagonism with ex-wives," says the *Who's Who* team, "and on some occasions we have had distraught ex-wives storming into our office demanding to be reinstated." Some also like to change their recreations every year to make sure their public is keeping tabs on them - "MPs are fond of this one."

However, recreations are subject to the influences of time and fashion and have changed enormously over the years. Whereas Mary Archer self-consciously writes in the 1980 edition that her favourite recreation is "picking up litter," in 1887 Sir James Frankfort Manners Browne spoke of enjoying "all kind of field sports" and wrote with pride that he "hunted the buffalo on the plain of North America." It would take a brave man to write that now.

But even if the living are allowed to edit their lives, the real story can eventually be found behind the entries in *Who's Who* - the eventual burial ground for people who have had an entry in *Who's Who* which is published once every 10 years. In this volume, white lies are laid low and the truth is made whole again, because at that stage "they won't know a thing about it."

Back to School

Rugby bows to the gentler sex

Max Wilkinson finds elitism out of fashion at his former school

ON A GLORIOUS spring morning, with Wistaria blooms streaming from New Big School, and opposite, a profusion of pale pink Clematis Montana climbing the wall of the headmaster's garden, that garden which Thomas Arnold so delighted to walk in 150 years ago - on such a day it seemed churlish to recall the asperities of Rugby School.

Yet it was at this spot, 30 years ago, near the old gatehouse in Lawrence Sheriff Street, that Dr Walter Hamilton touched me on the arm, steered me portentously into the forbidden garden and said: "You should know, as head of the school, that I consider expelled XXXX." The boy, it seemed, had been caught in bed with his bag.

He added: "You may think it inconsistent that I, who translated the Symposium [Plato's celebration of homosexual love] for Penguin should take so strong a line against that; but parental opinion requires it."

What kind of man, what sort of school? I wondered, fixed to the spot, then as now, in a whirl of speculation. Years after the event, an old classics master told me that Hamilton - one of the school's finest headmasters - personally secured a place at Cambridge for the singer and invited him to stay with his family at their house in Mull.

The incident shows up that enduring tension between the

liberal intelligence of Rugby's best masters (including eccentricity and brilliance) and the thudding conservatism of the institution and its boys, who used to call each other "Gentlemen" and deeply despised the products of the grammar schools. Thomas Arnold, the true hero of *Tom Brown's School Days* and a much severer moralist than Hamilton, also recommended expelled boys to Oxford and tutored them during the holidays. He, too, was personally tolerant of those caught in homosexual acts, according to Michael McCrum in his biography of Arnold.

But yet again I was late for lessons... This time I was to join the boys and girls of a post-GCSE set in the New Quad opposite the famous 1872 chapel, one of Butterfield's most imposing confections in yellow red and purple brick. I sat in the familiar room for a rather demure discussion of love for Penguin should take so strong a line against that; but parental opinion requires it."

It was a bit of a shock that no-one would stand up for elitism. In my day half the class would have identified proudly with Plato's "golden" youth, those born to lead, and learning to guide. That was, after all, central to Arnold's muscular Christian vision, which put duty to God and men before intellectual training; it was a tradition which survived - ambivalently - well into the age of public examinations. Maybe the girls have made a difference; or perhaps the class sniffed a journalist in OR's

clothing and backed away from such undemocratic thoughts. My thoughts were drifting back to the 1950s when I sat in that same room, arms folded, eyes forward, learning under the fiercest discipline of the high magic casket, opening on the world of Donne, Marvell and Henry Vaughan. The yellowing anthology still stands above my desk, a testimony to inspired teaching of the older style. I turn to the Vaughan poem which we learned and parsed: "Happy those early days..." But were they so?

Rugby, at that time was one of the world's great schools, serenely confident of its academic and socialising virtues. But happy? It was not a cosy place for someone like me, a dilute socialist, from a dissenting, pacifist background; it could be terribly miserable for some of the weaker boys, especially if a Jew or an "intellectual" clumsy at games, or indeed for anyone who failed to conform to the claustrophobic House culture set by the boys for the boys, followed by the tradition of OR forebears and fixed by ritual and old nomenclatures. The swimming pool is still the Tosh. The Stodge is

where they buy their crisps and Biscuits stands thank goodness where it did on The Close, that corner of green Elysium between the chapel and the Island, a wooded hillock where rebellious boys once defied armed militia.

How has it changed? The prison architecture of Michael, my old house, is scarcely ameliorated by lighter paint, although the iron gate which locked boys into the dormitories has gone and dorms have been reinstated in the Topos (lavatories). The old "raping parties" into the small boys' dorms (mostly quite innocent) are now merely pranksters' raids.

So it seems the boys are still fiercely guarding their traditions, which in the 1950s, were far closer to those described in *Tom Brown's School Days*, than was often believed. Fagging and the beating of boys by boys have disappeared along with the admission of girls into the upper forms. Everyone says the civilising effect of girls has greatly weakened the homosexual culture which was a powerful, if largely platonic, even romantic, force in many houses during the 1950s. However, the governance of pupils by pupils with a hierarchical system of house prefects and a school levée, is similar in form to that established by Arnold in the 1830s.

The system gave boys very wide powers over their fellows within the framework of rules and tradition. Michael

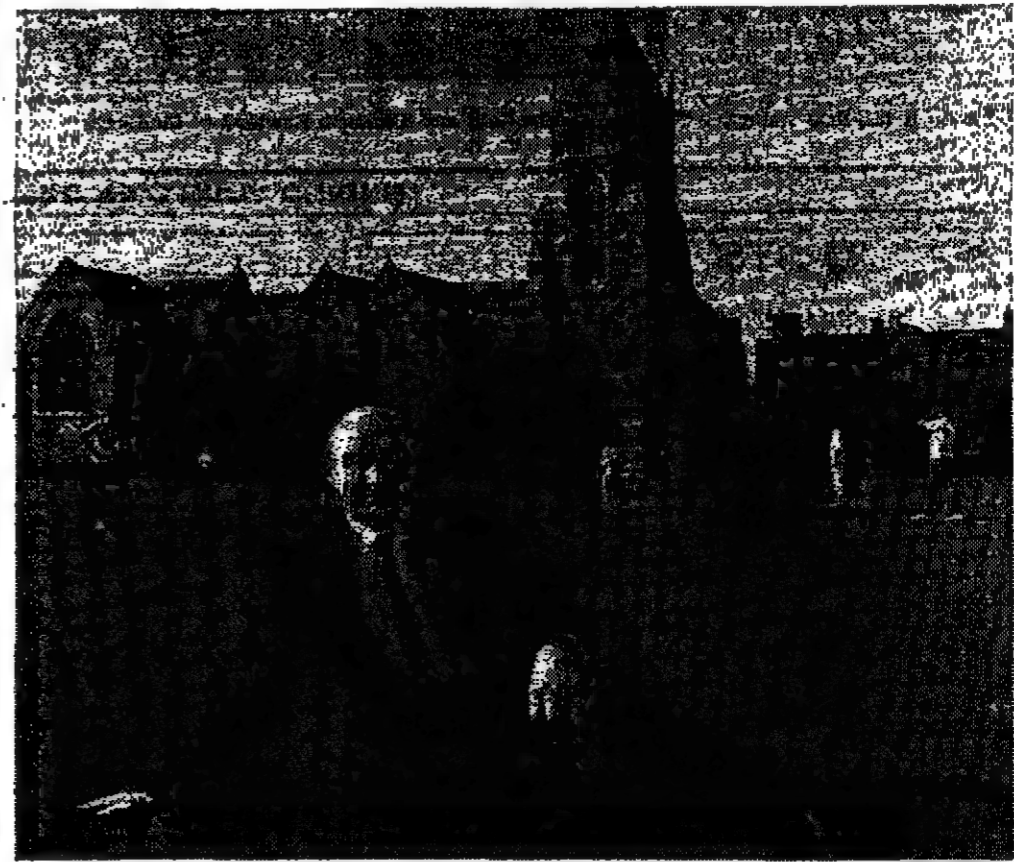
McCrum, former teacher at Rugby, a head of Eton and now master of Corpus Christi College, Cambridge, and a governor of Rugby, says in his book that in spite of Arnold's strong moralism, he let the boys to supervise each other for large parts of the time.

He judges that *Tom Brown's School Days* was a fairly accurate portrayal of the boys' powerful sub-culture under that system. Even now, in the "much friendlier more responsible atmosphere," he says there is still a danger that a bad apple (a modern Flashman, perhaps) can blight the barrel.

He believes some modern headmasters could with advantage follow Arnold's tough example on extracurriculars. But drugs, rather than homosexuality or bullying are now the public schools' nightmare and Rugby has unfortunately had its share in recent years.

The dangers that pupils may abuse power, or simply fail to keep reasonable order, if left too much to themselves seems now to be recognised by many of the staff. John Wassack, for example, a former state school teacher, who has recently taken over at Kilbracken House - transformed recently to a lighter airier place - says he often wanders around the boys' side, to find out what is going on and to chat to the boys.

Although houses at Rugby have always had their ups and downs, it seems there has been a general move towards a more



Max Wilkinson, Weekend FT editor, returns to Rugby School where he was head boy in 1960

pastoral style. The green baize door is left ajar. The more diverse backgrounds of staff - only two are now ORs - may also be easing traditions.

Richard Bull, the headmaster, who hands over next year to Michael Mavor the 43-year-old head of Gordonstoun is pleased that the former masculine aggressiveness and philistinism has softened, but adds: "I would like to see Rugby a gentler place."

A hand-picked group of sixth

formers agreed that the culture was still rather philistine and anti-academic, with a strong bias towards sports although the standards of music and drama are first rate - as indeed they were 30 years ago.

Perhaps the main complaint of the elite pupils was that, few Rugbyans take full advantage of what is offered. "There are a lot of mediocre pupils here," said one girl. Indeed, though A-level results are respectable and the staff I met were all

TOYS BECOME antiques - or, at least, collectables - much faster than more durable objects such as furniture and porcelain. In this week's Sotheby's toy sale for example, there were Dinky toys from 1970. Their original owners may still be in their 20s - no doubt younger than the collectors who will now treasure their forgotten playthings.

One reason for this instant antiquity is the low survival rate of toys, because of the natural processes of infantile destruction. Nostalgia plays a part, too: a lot of toy collectors must be people buying back the memory of playthings they possessed or earned for 30, 40 or 50 years ago. Citi-zen Kane, after all, remembered to the end his boyhood sledge "Rosebud."

Generations of English nostalgists thrill to the ring of old brand names: Chad Valley, Britains' soldiers, Hornby trains, Dinky toys, Trix, Triang, Meccano. The history of these and scores of other toy makers, along with hundreds of illustrations of their products, is now on record in Marguerite Fawdry's *British Tin Toys* (New Cavendish Books). Fawdry, who founded Pollocks Toy Museum (now in Whitfield Street, London W1) more than 30 years ago, is unrivalled as a historian of toys.

Her knowledge of their industrial, economic and social history is combined with uninhibited pleasure in their fitness as playthings. She feels that collectors

Toys that are too expensive for boys

Janet Marsh on collectors' nostalgia for childhood playthings

neglect English tin toys in favour of German, French and American imports - even though it was the Cornish tin mines which supplied the Continent, while the first practical process of colour printing on tin plate was developed in this country in 1875 (for decorating Huntley and Palmer biscuit tins).

The English tin toy industry was ultimately stimulated by the First World War, when German imports were stopped. Wholesalers patriotically advertised toys that were "British made, by British labour and with British material."

The inter-war years were to be the golden age of the English toy industry, although some of the most prominent companies were already established. William Brittain had founded his business in 1945 though it achieved fame after 1888 when it launched its boxed sets of hollow-cast lead soldiers, which were in time to outnumber, as well as commemorate, the fighting forces of the world.

Chad Valley was a real place: the Chad was a stream that ran through the village of Harborne, where an old established Birmingham toy firm, Johnsons, built a fac-



A Wells Brinton, post-1932

tory in 1888, adopting the trade name in 1919. Although best known for games and soft toys, Chad Valley went into the metal toy business after the Second World War, specialising in toy cars, spinning tops and seaside buckets and spades.

Meccano was the creation of a home inventor, Frank Hornby, who began to market his construction sets in 1908. In 1920 he began to produce the famous Hornby Trains. Dinky Toys - at first intended as accessories to the model rail-

ways - followed in 1933. One of the greatest British toy empires was Lines Brothers, set up by Walter and Arthur Lines just after the First World War.

In time they added to their own big-selling Triang Toys, Pedigree Soft Toys, FROG (Fishes Right Off the Ground) aeroplanes and Hamleys toy shop, and built factories in Australia, New Zealand, Canada and South Africa.

Even Meccano-Hornby finally fell to the Lines Empire. Later success stories included Lesney toys, set up by Rodney and Leslie Smith with Navy gratuities. Their Matchbox toys were triumphantly launched in 1963 with a Coronation Coach. Not one of the old companies survives today in its original form. The last decade has seen the last of them taken over or swallowed into larger conglomerates, such as General Mills of America, which today accounts for a large part of the world's toy production.

Many of the old names have vanished. Meccano is now made in France. Lesney Toys belong to a Hong Kong company. The Chad Valley name was acquired last year by Woolworths. Britains is part of the Dob-

son Industries Group. Bassett-Lowke, associated with the development of the electric model train in the Thirties, has passed through several hands but is still trading after 91 years.

Fawdry does not see all this as particularly significant of changes in children's tastes and habits. In any case, the extinction of the old companies only adds to the piquancy of collecting, putting a premium on toys made when Messrs Britain, Lines and Hornby still personally guaranteed the quality of toys made in Britain.

A week or so ago Sotheby's Chester sale-room sold a collection of toys that a Wirral boy had hidden in his attic more than half a century ago, only revealing their existence on his deathbed. A small lot of Hornby wagons sold to Saudi Arabia for £1,540 and two double-decker buses for \$510.

It is a beano time for toy collectors. On Thursday Christie's South Kensington had a big sale representing most of the English makers. It was particularly rich in die-cast miniatures by Dinky, Lesney, Mettoy and Triang Spot-on toys.

In a three-day sale next week, Phillips West Two devotes most of one day - Tuesday - to model trains and accessories, and Wednesday to Britains' lead models. The rarest of these are perhaps two sets from 1937 - Tottenham Hotspur football team (estimate £200-£300) and A Flying Trapeze (£250-£300).

BOOKS

This ugly England

Colin Amery enjoys a conducted tour of town history

MARK GIROUARD is a gentle pioneer. He has developed the habit of regularly producing new books that gradually popularise subjects long the province of academics or specialists. His book on the Victorian country house was original in that it combined the relatively new interest in Victorian architecture with the British fascination with country houses. It also pioneered the unique brand of architectural and social history that Girovard has made his own.

It seemed natural when he followed his magnum opus, *Life in the English Country House, with Cities and People* that he would apply the same analysis of the influence of human behaviour upon the built environment to the urban canvas. It was a more difficult task and perhaps the world-wide nature of the subject made it clear that cities are tougher to deal with than country houses.

In his new book Girovard has traced the history of English town from the Middle Ages to the present day, but he does not do so in any dreary chronological way. He takes us by the hand through particular subject areas like the market place, the manor and the corporation, which in his first

THE ENGLISH TOWN by Mark Girovard

Yale £19.95, 330 pages

chapter shed light upon commercial and governmental reasons for the foundation of towns. There are marvellous illustrations in this chapter that show the market squares of towns full of activity. Sheep fill the space in Boston; revelers celebrate the coronation of King George IV at rows of decorated tables in Wisbech's market square.

Girovard guides from town to town looking at and learning from the public buildings that remain. He points out that massive overspending by local authorities was not unknown in the 18th century - Francis Smith's fine Court House in Warwick was sequestered for 30 years while corporation meetings were held in an inn.

Girovard's approach to his large subject, taking a substantial theme like water, churches or building plots and tracing this theme through a whole range of towns, is risky. It inevitably leads to a high level of intelligent generalisation which makes the book sound more speculative than it really is. Take water, for example: we learn that it affected towns in



A view of the sheepmarket in Wide Bargate, Boston, circa 1840

different ways depending on whether or not it was industrial or navigable water. It takes some mastery of condensation to deal with the rise and fall of ports and the building of canals as well as the aesthetic qualities of waterside development in some 14 pages but Girovard pulls it off in two ways. Firstly, his writing is an engaging freshness that allows his erudition to be expounded with remarkable clarity. Secondly, you are always aware that he has walked the streets of all these places and that he savours and cherishes what he sees.

He looks first at the silhouette of a castle against the evening sky and then wonders with you how and why it was built and used. If you understand the past that is still all around us it gives you

a sense of companionship in your urban life. I like the sentiment that suggests we are surrounded by the emanations of the past. The quietly spoken agenda of this book is worth quoting: "Keeping and understanding the past makes for tolerance; it also makes for creativity, in devising ways of altering and adding to towns, for nothing comes out of a vacuum. It is hard to believe that those who made the running in English towns in the 1950s and 1960s would have done what they did if they had known more about the past." It was D.H. Lawrence who wrote that he thought that the real tragedy of England was the tragedy of ugliness - "the country is so lovely: the man-made England is so vile." It was Lawrence too who complained that the cities of 19th century England were just

amorphous agglomerations: "there is no Nottingham, in the sense that there is Siena."

It was the 19th century that bred both squalor and civic pride on a large scale. This is Girovard's period. He understands the energy of the time that led to industrialisation and the curious places devoted to pleasure and a flowering of civic prosperity. Blackpool and the bright lights, for example, are seen in contrast to the rising gentility of the suburbs. This is a book that should be a national curriculum. It offers a clear-minded history of a vast subject. No-one can disagree with the sentiment that the urban future can only be enhanced if people learn to love their own and to understand their individuality.

And so to Dunkirk

A 50th anniversary and other war battles

THE BATTLE OF FRANCE: SIX WEEKS WHICH CHANGED THE WORLD

by Philip Warner

Simon & Schuster £16, 273 pages

PILLAR OF FIRE: DUNKIRK 1940

by Ronald Atkin

Hodder & Stoughton £11.95, 256 pages

armies had critical superiority in morale, military leadership and tactical innovation. In the face of a superior French command, the Nazis had everything going for them.

In detail however the contours of defeat are less definable. The whole war-within-the-war was vastly muddled, on both sides. Nobody - least of all the French commanders - knew precisely where their own forces were at any given moment, or what they were up to. Counter-orders followed hard on the heels of every order issued, and the orders were generally at least a day late. To add to the confusion, hundreds of thousands of refugees clogged the arterial roads.

Philip Warner, in attempting a summary of events, makes the book sound more speculative than it really is. The various aspects of his narrative fail to gel. Half of him wants to establish a clear chronology, half of him seeks to recreate the flavour of a sin-

gularly diffuse battle-scene. The result is that he keeps backtracking, so that the German progress toward Paris, just like the BEF's retreat to Dunkirk, is always a matter of two steps forward and one step back.

To extricate himself from a mish-mash of his own making, Warner resorts to historical speculation. He concludes by

saying what if France hadn't fallen? France and Germany would then have dug in just as they did in 1914, western Europe would have become embroiled and the Soviet Union would have made satellites of us all.

"Perhaps, by collapsing in 1940," Warner finishes off miserably. "France saved the world from an Orwellian nightmare future. Civilization may owe France a debt it can never hope to repay. By the same logic, the same debt is owed Britain, himself, for the invasion."

Ronald Atkin's book, geared more specifically at reliving Dunkirk (and published in association with the Imperial War Museum), covers some of the same ground as Warner's but less ambitiously and with more success. Essentially a well-crafted, well-researched account of the battle, *Pillar of Fire* sets out to establish the infantryman's view of the hor-

rendous fortunes of the BEF in France. Quotations figure prominently. Many are familiar, some not. Not from the champagne and peaches lifestyle enjoyed by Tommy during the phoney war to the final desperations of Dunkirk itself no anecdote is left unturned. A Belgian woman is summarily executed for "haunting out washing, because it was thought she was communicating with a German plane circling overhead." A Welsh Guards padre, described in his regimental diary as "a born thief," shows the troops how to loot and plunder. One unit holds up an enemy tank advance by half-burying overturned mess-plates in the mud of the road to give them the appearance of mines.

Again and again what was potentially the British Army's most ignominious debacle is transmuted into something precious and worth remembering. That ultimately it was the dithering of the German High Command that saved us is not to be denied, but that, as they say, is history.

Justin Wintle

The tragedy of war

UNAUTHORISED ACTION: MOUNTBATTEN AND THE DIEPPE RAID 1942

by Brian Loring Villa

Oxford £15, 314 pages

RHINELAND: THE BATTLE TO END THE WAR

by W D and S Whitaker

Leo Cooper £17.50, 422 pages

Professor Villa fails to make his case against Mountbatten, despite painstaking research and a valiant determination to see the latter in the round. There is no difficulty in demonstrating that Mountbatten was a first class man. To take but one example: Hinsley's British Intelligence in the Second World War revealed, with chilling detachment, that intelligence about the German order of battle in the Dieppe area was distributed sparingly. This selective distribution was deliberate: to commit

weak, insufficiently trained forces to a reckless frontal assault against strong defences, and to do so without supporting naval or air bombardment, reveals that Churchill and the Chiefs, rather than Mountbatten, were following the old precept that "the best of us are rarely wasted" or, to put the matter more crudely, that any cross-channel operation in 1942, however limited, was bound to fail.

The evidence on this score is abundant, and is not vitiated by Professor Villa's contention that the Chiefs only gave conditional approval to Jubilee a week before it took place. The contention is based on a faulty understanding of how the Staff process operated. Professor Villa is in a labyrinth, and his search for answers is further hindered by his honest rejection of the idea that war at the top could be so cold-bloodedly conducted or by some mode of deception.

The operations in the Reichswald lack this element of strategic brutality, but General and Mrs Whitaker admira-

bly convey the essential element in a story of confusion and waste.

This unwillingness to accept that - since Montgomery had already been ordered by Churchill - to continue punching his way into Germany from the North-West, counter-balancing and to some extent thwarting Roosevelt's "broad front" strategy - the Chiefs were right, the Reichswald to the Rhine was imperative. In January the forest passages were frozen, and movement by armour was feasible. But Eisenhower delayed a decision for a fortnight. By February the forest was a swamp, and the Canadians, leaving the poor bloody infantry virtually unsupported, British formations suffered the heaviest losses, but the Canadians took severe casualties.

But, as with Jubilee, we should be chary of explaining away the brutality of war by recourse to individual - or national - characteristics. War is bloody enough as it stands as the Whitakers have done well to remind us.

Anthony Verrier

Voyage into bureaucracy

MALARIA DREAMS

by Stuart Stevens

Simon & Schuster £14.95, 236 pages

There are two traditions in African travel writing - the heroic and the ludicrous. The first, inspired by the Livingstones and Burtons of the last century, dictates that travel in Africa isn't worth a lick unless it defies death a dozen times a day. If the top-hatted adventurer isn't dying of thirst, runs the Rider Haggard line of reasoning, something is wrong. Attack by large animals with sharp teeth is equally commended. So are close escapes from hostile natives, debilitating attacks of dysentery, and abandonment - preferably in a waste of quicheous guides by evil and treacherous guides.

The second school, a reaction to the first, is equally exaggerated. In a style perfected by Evelyn Waugh, it transforms the entire continent into a comic theatre for odd encounters and ludicrous situations, witness William Boot, the uninitiated foreign correspondent in Waugh's *Scoop*, sent to Africa loaded down with inflatable canoes and a supply of forked sticks for sending dispatches. Africa, in this view, is a place we shall never understand and should never have tried.

Both types of writing provide entertainment, but neither gives us much idea of what it is really like to travel in Africa. In *Malaria Dreams*, Stuart Stevens does just that. In combining the perils of the continent - they do exist - with its infinite potential for comic surprise, he gets the best of both traditions. And more important, in doing so, he gets closer to the real truth.

Accompanied by a 23-year-

old female companion the author sets off from equatorial Africa in a wheezing and battered 4-wheel-drive Land Cruiser; four thousand miles of potholed roads, bumpy tracks and desert wastes eventually lead him through West Africa and across the Sahara desert to Algeria. Stevens runs into plenty of adventure, but the problems are not of the old-fashioned type; there isn't a word of crocodile-infested rivers or murderous tribesmen.

In fact, there is only brief mention of what are commonly perceived as the present-day

perils of Africa (famine, war, pestilence, disease and crime). The real threats to survival on the continent, as Stevens discovers, are logistical and bureaucratic. Hardly a day goes by without the travellers finding themselves in dire need of an object that is unobtainable. It may be a nap, or timed food, minor articles taken for granted, or a car. But suddenly assume life-or-death importance and entail a week-long wait or a 500-mile detour.

As Stevens notes, "It is always the little things mucking everything up in Africa. The lack of trucks to distribute food or the proper stamps on a piece of paper to allow the trucks to leave or a working telephone to call the right person or not enough spare tyres

or oil filters or wrenches. It was the wrenches that did us in."

Worse than African logistics is African bureaucracy. The African functionary has control in almost every sphere of life, in matters of travel the word of petty officials is absolute. Stevens is quickly taught that there are two methods of doing business with them, the official one, and the one that works. "The way to get anything done, hard enough as it was through back channels. This person who is the friend of another person who has a cousin in this office, that's what counted. Family, friends and - he smiled - 'of course, money'."

Searching for spare parts in the Sahara and playing dangerous games with every corrupt customs officer and greedy policeman in sight does not sound like a lot of fun. Reading

about it might be more boring still were it not for Stevens' eye for detail and his keen sense of the ridiculous. Whether he is describing soldiers during tear gas canisters into trees to dislodge mangoes, the village mechanic whose sole tool is a sledgehammer, or his unrewarding efforts to extricate smuggled banknotes from a hollow tent pole, he takes full comic advantage of the odd characters and irregular situations that Africa so often throws up.

This is the continent, he notes, where sophisticated lawyers and politicians may be guilty of tribal atrocities, but it is also the place where naked and illiterate cowards carry elegant umbrellas. If the days of the Victorian adventurer are finished, those of the 4-wheel-drive overlander are not.

Nicholas Woodsworth

The novelist as reviewer

Anthony Curtis welcomes a collectable collection

MISCELLANEOUS VERDICTS: WRITINGS ON WRITERS 1946-1989

by Anthony Powell

Heinemann £20, 501 pages

A few longer pieces are included that originally served as introductions to books, one on Aubrey's *Brief Lives* and one on three novelists of High Society, Disraeli, G.A. Lawrence and Quilley. It is towards minor, once famous but now neglected, figures of this kind that many of Powell's preferences lie and about whom he is especially illuminating. Another such is Surtees. He makes out a good case for him as "a writer of rare and powerful gifts, to whom justice has never properly been done."

In contrast to Dickens whom Powell says "never really got the hang of the upper classes," Surtees at his best "gives far the most convincing picture that exists from early Victorian times of dukes, ostlers and a hundred other types."

The upper classes, in the very broadest sense as a phenomenon of social history, are a continuing Powell pre-occupation. Some readers may find a little tiresome the whole section of reviews of books on genealogy, lineage, pedigree, the House of Lords, but even when he is riding this particular hobby-horse, Powell is never less than interesting. He finds it characteristically English love of paradox in the title *Burke's Landed Gentry* since a large proportion of those listed "though they may still live in the country and own a few acres are certainly no longer 'landed' within the former meaning of the term; while 'gentry', if not entirely outmoded, has become in the contemporary world an awkward word to use indiscriminately."

Powell has a section on "My Contemporaries" among whom he includes Kingsley Amis and V.S. Naipaul (otherwise he almost never reviews contemporary novelists), and there are further sections on "The British and The Americans" and one, naturally, on Frost and Frostian matters. Apart from the greatest Marcel, the Swiss diarist Amiel and something on Svevo, there is disappointingly little on European literature. And yet Powell is certainly not a literary Little Englander. In *The Valley of Donas* section of *The Music of Time*, David Penistone is reading Alfred de Vigny's *Servitude et Grandeur Militaire*, a key-book in the novel: it is sad therefore not to find, as one had hoped, an essay on it here.

However the book is satisfyingly rich in many areas. Powell is a quiet, well informed and perceptive critic whose reviews stand up to re-reading despite inevitable overlap between those on different aspects of the same author, and they even survive the *Telegraph's* time-honoured policy of very short paragraphs. No doubt on the *Daily Telegraph* books page that Powell served so diligently for so many decades, the editors were peering behind the scenes, giving him directions and deadlines, seeing he got the right book at the right time, checking his copy when it arrived, and fitting it on the page, the ground staff for this long and distinguished innings. A brief acknowledgment of their labours in the introduction would not, as Powell might say, have been inappropriate.



Anthony Powell: a harvest of literary journalism

Fiction

A plummet to earth

SPLITTING THE ATOM

by Stephen Amidon

Bloomsbury £12.99, 310 pages

The thinking state of this society is handled far more seriously and passionately by Nigel Watts, whose *tour de force* account of the life of a mentally retarded, homeless young man who has slipped through the social security net could have been embarrassingly mawkish, told as it is in the words of Billy himself. Technically, it is an impressive feat. Emotionally, it is a marasmus: *Little Dorrit* rather than *The Sound and the Fury* of novelists who have ever been to a magistrate's court in this civilised city, anyone who has ever walked over Waterloo Bridge or been at Euston late at night, will know what Watts is trying to do: it is unashamed emotional blackmail, but it is also a tremendous imaginative triumph and should be read by anyone who still thinks that all homeless people are liars.

Petronella Pulsford's study of obsession, containing some nice writing and acute observation of the way that the mind works under the stress of separation and deprivation.

Lee is continually haunted by the appearance of her ex-lover. What begins as an interesting examination of a disturbing obsession resolves into an explicitly fanciful resolution rather than the much more interesting uncertainties of psychological disarray. But there is economy and insight in the episodes where cooking and cleaning the house co-exist with fantasy and obsession; that movement from the practical to the disturbed undergone by those fighting loss.

family bonds, match) are over-length and portentous.

The author does not seem to appreciate that detail can be a deadly symbol can be submerged under supporting evidence which, in this case, should have been suppressed by rigorous editing. Too much leaden description seems to be out of that first undergraduate novel which everyone writes. Good first novels are not rare: it is the follow-up which usually poses problems. In this case, I suspect the second will be better.

Jonathan Coe's third is a lively romp but an unconvincing thriller set in the world of unsuccessful pop bands, demo tapes and demonic murderers.

William and his disorganised group (good, pawky, deadpan humour here) are working on a new single; William is in love with remote Madeline He witnesses an appalling murder; there are druggy connotations; the minimal plot doesn't so much thicken as trickle. But there are moments of disenchanted wisecracking about

about it might be more boring still were it not for Stevens' eye for detail and his keen sense of the ridiculous. Whether he is describing soldiers during tear gas canisters into trees to dislodge mangoes, the village mechanic whose sole tool is a sledgehammer, or his unrewarding efforts to extricate smuggled banknotes from a hollow tent pole, he takes full comic advantage of the odd characters and irregular situations that Africa so often throws up.

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Mary Hope



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ARTS

Dry season down on the Riviera

CONVERSATIONS at Cannes are strange things. Small talk effervesces like champagne bubbles for minutes on end. "Have you seen the new Godard/Taviani/Fellini?" "Did you know Arnold Schwarzenegger/Jane Fonda/Cheech and Chong are in town?" "What's your tip for the Palme d'Or?" "Where can I get a Rabid Grapes T-shirt?"

But forth from this high-theatrical, high-rise, unspoken thoughts. Every Briton's mind this year seemed to be the same thing bubble. "Only three/two/one days to that movie about Northern Ireland. Wonder what it will be like."

Wonder, indeed. Ken Loach's *Hidden Agenda*, after one of the longest publicity build-ups in British film memory (plus a furore-a-minute campaign in British newspapers), has finally hit the screen. And where, oh where, is the impressive thing we were all expecting?

This feature-length drama, set in Belfast in the early 1980s, begins with high promise. An international inquiry team trying to turn a stray, an American member (Brad Dourif) is shot dead on an Ulster country road while driving to one last rendezvous; misinformation is swiftly given out by the police, and the victim's widow (Frances McDormand) helps a top cop flown in from Britain (Brian Cox) to start the investigation. Is the IRA involved? Or the RUC? And are there conspiracies within conspiracies? Yes, indeed. Jim Allen's script starts like a suspense novel. Wednesday Play, fuelled with colour photography and moody electronic music (Stewart Copeland), deftly plotted, the early scenes give us a movingly harrowed widow (the splendid McDormand) and a grim comedy in the quarrels between Cox's bullheaded investigator, veins lined with dynamite, and Jim Norton's Ulster police chief, trying to cover up everything in sight.

But heaven help us, after an hour we hit the Western Conspiracy Zone. Instead of a

continuing a story, in which a little local difficulty distils a giant socio-political impasse, Loach and Allen go for the omnibus conspiracy scenario. Come the last reel, Tony Costa's smoke-filled typhoons are wheeled in to confide their wicked secrets to Cox, all the way from Irish shoot-to-kill policies to Wilson-topping campaigns. The CIA and KGB are added to an alphabet soup already thick with menace. And the whole dish is served up hopelessly overcooked: partly, we suspect, so that it can be thrown at Mrs Thatcher to leave an nasty mark on her image; partly so that foreign movie markets can respond to a British film so scolded rather than pesty with Irish-question pericholism.

More on Loach's film when it comes to the UK. But it reminds us that British cinema seldom looks less convincing than when trying to ignore our phlegmatic national temperament into revolutionary passion. Witness also Ken McMullen's *1871*, premiering at Cannes. This spends 100 minutes trying to turn a feeble Brechtian burlesque about the days of the Paris Commune into incendiary satire. Jolly photography; pretty pantomime-style sets; but an infantile script and a tendency to stoke the story's flames with endless conditions of the international.

After this film — "Oh, What A Lovely Commune" by another name — a relief to turn to Italy's Taviani brothers. They do picture-book history as it should be done. Their new film *Night Sun*, shown out of competition in the main programme, is a radiant, mysteriously epic. Based on Tolstoy's story *Father Sergius*, it assembles a typical Italian cast — that is, none of the stars is Italian — in a story of sacred and profane. Setting: 17th century Italy, from the court of Naples to a hermit's cottage in Sicily. Stars: Julian Sands, Nastassja Kinski, Charlotte Gainsbourg. The Taviani are among the few living film-makers who can



Charlotte Gainsbourg in the Taviani brothers' magisterial *Night Sun* Even At Night

stop the heart with a perfect, dazzling image. A tree spilling a white petal on a boy's hand; a silver curtain of rain slicing across the night sky and into the earth like a violent benediction.

Midway through Cannes 1990 there is need for more, much more, of this visual film. Many of us critics, like sheep turning their backs on a barren corner of the meadow, take time off from the official events to head for the juicier grasslands of the Market. Here grow movies with nutritious titles like *I*

Nigel Andrews finds great films are in short supply at Cannes

Walk With Me and Myself *Barbarians in the Desert* *Red (sic)*

Here too you might find a true curiosity such as Benoit Capra's *Mindwalk*: a three-hander in which Liv Ullmann, Sam Waterston and John Heard play a scientist, a politician and a poet who bump into each other in France. They wander round Mont St Michel discussing for 90 minutes — I kid you not — sub-atomic particle theory, Cartesian philosophy, the painter Turner, the ozone layer and the future of the Universe (among other things). What blessed madman bankrolled

this film? There is no plot, no plot but talk; but high-order talk and high-order acting. My secret hunch is that was sponsored in a missionary gesture either by the Green party or by the estate of the late Albert Einstein.

Back in the competition, it is day eight and we pray for a masterpiece as if for rain. Occasional droplets from heaven do not count: as in the stray poetic moments in Gorbunov's pre-revolutionary — Russian historical epic *The Mother*. Spanning 12 years from 1882 to 1904, this is a three-hour bid to press Maxim Gorky into the service of emergent Marxist Leninism. Yes, I too thought Down with the Tsar! movies had gone out with Gorbachev. But evidently not.

Nor, as we pray for rain at Cannes, do gentle showers count such as *Miriam* Oushevo's *A Question of Honour*. The film-maker from Burkino Faso, whose burnished folk tale *Touba* came to Britain last year, creates a wry, gossamer tragedy in the tale of two lovers clopping from the girl's impending marriage to an older man. But whether to elope? There are few hiding places in the desert, a wilderness of tawny grass, copper earth and trees like agonised hand gestures.

Doan. Doan. But the film's slow, staid pace is hypnotic. And so is the precise

comic gravity of the acting (mostly by members of the Ouedraogo family) and the director's flair for building mud-hut villages into a timeless geometry of colours and shapes. So, yes, we have had good movies here at Cannes. We still await, however, a great one.

But most film festival news is dwarfed by the report, just announced as I write, of Jim Henson's death. The man who created *The Muppet Show* also revolutionised animated modelwork on the screen. He gave us films as diverse as *The Black Crystal*, *Labyrinth*, *Teenage Mutant Ninja Turtles* (hurting into the box-office record books as we speak) and the Muppet movies themselves. His ingenuity in creating endearing, enduring creatures made him an heir apparent to Walt Disney. So no surprise that that studio recently bought up Henson and his company, in a bid to enrich their own menagerie (M. Mouse, D. Duck and Co) with Henson's money-spinning monsters.

As a fully paid-up member of the Muppet Appreciation Society myself, I rue the thought that Henson is no longer about to create his fantasy creatures. Nor to translate those of others (like the Ninja turtles) into fully-rounded movie life. Nor to voice — for he did — the glibly thought to be most admirable of all amphibians, Kermit the Frog. *Voilà*.

Unimposing Onegin

WHEN AN opera company from overseas brings its own chorus and orchestra faces the task of adapting two productions to an open stage as well as the hazards of transport, the chances are that they won't both reach the same standard.

In Thursday's *Eugene Onegin* in the Dome the Polish State Opera of Poznan fell below Tuesday's *The Black Mask* by about as much as Chalkovsky's lyrical masterpiece stands above Penderecki's melodramatic shocker. The programme named a director, Janusz Nyczak, in place of a producer. This and the sometimes makeshift appearance of the platform suggested conversion of a staging not exactly new.

Soloists and chorus (whose fresh and vital singing was the most enjoyable feature of the evening) made full use of the big forestage. For much of the time the stage proper was occupied by a garden temple, more suited to outdoor scenes than to Tatiana's bedroom. There was a striking, simple set for the St Petersburg ball-

room with tall, black-shrouded windows and solemnly magnificent black and green costumes (designer Joanna Jarosiewicz).

The Tatiana, Gabriela Klimek, presented the desperately shy girl — sancer eyes and hunched shoulders — of the first two acts with charm but too little projection in the quieter phrases. Her transformation in the last act into a collected but still deeply emotional woman was unusually convincing. Jerry Machlin, as Onegin, looked and sang well without catching the full flavour of his insufferable superiority in the first part or his remorse in the second.

There was a good Olga from Urszula Jankowiak and a positive Larina from Ewa Werska, who sang the heroine in Penderecki's opera. As Lenski the tenor Kaludi Kaludov has an easy, ringing top which should serve him well when he conquers uncertain intonation. His aria was not helped by unwise production — a death figure and a waiting Olga in the background. The best singing came from the physically as

well as vocally imposing Prince Gremin, Radoslaw Zukowski.

One suspects the hand of the choreographer Henryk Konwinski in the clear distinction between the jolliki of the informal dance at Larina's and the stately gloom of the city ball. Once again we were reminded, most notably in the Polonaise, how little Western corps de ballets convey of the proud deportment of Slavonic national dances. The Poznan orchestra, again under Mieczyslaw Donajewski, was not so responsive this time. Chalkovsky's Mozartian clarity reveals everything. Both evenings enjoyed the substantial support of the Polish Ministry of Culture, subsidy from the Sainsbury Family Charitable Trust and "special assistance" from Visiting Arts and the British Council. All of which makes one wonder whether it would occur to this country, if it were as troubled as Poland, to show the flag in this way.

Ronald Crichton

This bright beauty

IN LESS than three years with the Royal Ballet, Darcie Russell has laid claim to the most serious attention as an artist. Her gifts are clear: a lovely and long-limbed physique; a technique where assurance is matched with a brightness in attack that cuts clean dance-shapes. Allied to this, and quite as important, is her evident willingness to trust choreography, finding in it the reason and justification for her interpretation: her dancing, for all its grace and wonderful resource, looks honest and uncorrupted by artifice. As MacMillan's Princess Rose in *Pagadas* she sustained a massive and challenging role with an innocence that was in part the character's, in part a beautiful aspect of her own youthful artistry.

On Thursday night, as the *Woman in Song of the Earth*, she took on even more emotionally searching MacMillan choreography, and claimed it for her own. The role might be thought to demand the maturity of creative experience with which its greatest interpreters awoke the emotional reso-

nances of the dance. Darcie Russell brought to it the integrity of her youth and her faith in the choreography. Every line of movement, every pose, rang true, and in that surge of *pas de bourree* which precedes the final union of the *Woman, the Man and the Messenger of Death*, Miss Russell devoured the stage with a force that I have never seen equalled. It was admirable in womanly sincerity and that control of feeling and means which is the secret of this noble ballet. As her companions, Antony Dowson and Bruce Sansom were very fine. Dowson has maturity and masculinity essential for the Man (like his deeply-felt Rudolf in *Mayari*), we see him as a dramatic dancer able to convey the interior life of a role; Sansom manages very well the sharpness, the sense of the inevitable, that mark every move by this "Eternal One." The supporting cast was, I thought, excellent.

The evening had begun with another ballet calling for maturity of feeling. The role of Natalya Petrova in *A Month*

in the Country depends on charm, capriciousness, a lovely woman stooping to folly amid the ennui implicit in the play's title. It was made for a great dance-actress, Lynn Seymour, and every successor in the role has found a way of exposing the gusts of passion, the regrets for the passing years and the sudden temptations of a late flirtation, that are the heart-beat of the action.

Every successor, that is, until Tuesday night when Sylvie Guillem played Natalya Petrova with a chill and automatic precision that stilled that heart-beat. Guillem looked too young for the part; worse, she missed all the emotional eddies that inspire the choreography and touch every character on stage. It was good to see Anthony Dowell still master of Belyayev's dances and of his charm — the scene with Rosalyn Whittan's enchanting Katya beautifully played by both artists — but without a responsive Natalya, the ballet is unawakened.

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CATHEDRAL CLASSICS



GARDENING/MOTORING

Life over the garden fence

Robin Lane Fox discovers the moral dimension to garden visiting

IT IS so dry inside the garden that the best resort is to go outside and see how others are coping. Mother Nature has no newly-planted roses or young evergreen hedges. Her buttercups, May trees and young, lush leaves are all we could wish and have never been such a year for these chequers.

Nature is smiling while culture is struggling: it is greener over the garden fence.

Until it rains, the way to spend the weekend is in visiting more established gardens whose flower beds are less exposed to drought. One suspicious reader in Hertfordshire has her doubts: "every spring," she writes, "you draw to our notice the new book of Gardens Open on Sunday, but do you ever visit enough of them?"

In her experience, there are about 2,000 too many, with no real claim to horticultural interest but with owners who have an inflated idea of their achievements and (except for charity) no right to charge anyone for wasting a Sunday afternoon among their alps (complete with floral labels) and yellow-variegated maples.

There are two answers to these doubts: yes, I do go visiting, and yes, I know what she means. I, too, have driven 50 miles or more to gardens with ideas above their station.

This very April, a young man tried to sell me a bit of common old Primula Wanda at his front gate, saying that he did not know its name but that it was special to the garden and he called it Granny's Favourite. He wanted £3.50 for a flowering plant in a plastic beaker. I have seen some amazing chickweed, discovered some bizarre ideas of what ranks as a lavatory for visitors and (so far) seen nowhere in 1990 where the owners really have excelled their site and its possibilities.

But, especially during the drought, it is the outing which counts. If you do not visit, you lose a sense of perspective. It is usually a shared experience, undertaken in company: two or three pairs of eyes do not see alike. There is human dimension, the canine dimension (people own such awful dogs) and the running argument of what you were doing and why. There is also that perplexing entity, the English Village.

Anyway, last Sunday, it was our turn to penetrate the living hell of the Cotswolds, half a dozen Yellow Book entries and a National Trust curtain-raiser at Snowhill at Broadway. Three of the Gardens Open were being optimistic. For once, Mrs Lane Fox and I agreed.

The trouble began with the National Trust. The rumour had reached her that some of the old "original" families to the higher properties for which it needs tenants. It may, as yet, be rumour, but it does raise questions, especially over lunch.

Why are the former owners thought to be the only people who can give a big house that "special something" which stops it feeling dead? And is it really true that the public prefer it to be not so socially preferable if nobody lived in these great bastions of privilege any longer: turn them into museums as a mark of social progress? We would then go to visit, but the "timeless" hierarchy would be declared dead, a symbol of the world which we have (thankfully) lost.

I find it hard to be cogent in arguments over a chicken in a basket, but fortu-



nately, Snowhill Manor, Snowhill diverted the argument. For £3.20, you can visit this small Cotswold manor on its historic site and explore a stone-built terrace garden which is long for a later-day Saville-West. Its planting is awfully poor. Inside, you can visit an amazing museum, collected by an architect who lived in the place for 30-odd years, and gave it to the Trust in the early 1950s when the scheme was still in its infancy. It is all cash-donated, model boats and people in antique suits: in short, a museum with a vengeance.

I said it diverted the argument; here, after all, was a classless museum, a time-war in which nobody in their right mind would now wish to live, yet also, here we were, heading for the exit before our guided companions had got to item No. 3 on their Children's Checklist. It is not a criticism of the National Trust: in the 1950s, it was wise to take what it was offered and has naturally had to live with

it since. But it is an extreme answer to the argument that every mansion should become a museum: why should this rather fine old house, occupied since 1500, be doomed to eternity with the collections of a latecomer who only lived there for 35 years? The house (to my eye) urgently needs a new friendly family who have a sharp eye for gardening.

Duly chastised, we blamed the village: why are these places such a conservation dump? Surely the Manor sets a bad tone? Why do people kill what they think they are "conserving"? The windows were all wrong; before long, it would be hanging baskets and name-plates beside every newly studded door. But then we flocked left to Snowhill's second Garden Open and took a novel turn.

During the past ten years, the lady of the cottage at Bankside has indeed rescued a sloping garden from a mass of thistles. You know at once that she is good at it because she grows a superb white-flowered Clematis Macropetala in a tub up a semi-shaded wall; she likes Viola Moonlight, the cream yellow form of Cytisus, pale ice-blue lilac and a well-needed fruit cage which proves that gooseberries make a charming low hedge.

Visitors could help themselves to tobacco plants (we did); they could also read the literature and discover that all the takings were destined for medical supplies to North Vietnam and Cambodia. At Bankside, the broadsheet state that they do not believe in "Bush-Thatcher Ltd"; they "believe in compassion." So, no doubt, do we all, but the moral dimension made my companion enthusiastic about sloping gardens which she usually hates.

Not, of course, that the argument stopped there, but it took a new course. Was it any more splendid to find these ideas in the middle of the conservation Cotswolds: are they not the same ideas anywhere? Was compassion the whole story or was it not, too, moralising of the type blamed on Thatcher and Bush?

My point, here, is only this. First, the cream-flowered form of Cytisus are absolutely splendid, especially Kewensis, if your garden slopes downhill; the second, that you never know what a range of opinions exist behind the "country village" facade; perhaps that is why the facade is constantly being pulled out of shape and made to follow if we now try to "conserve" it; and lastly, this all comes from one day's garden visiting, a process which has its own lessons even if you never quite find the garden you actually like.



Stuart Marshall (left) the Weekend FT's motoring correspondent, is shown Nick Ridley's Silver Ghost

A true king of the road

Stuart Marshall drives one of the most collectable cars

MONDAY WAS the first day of a week-long rally to celebrate the Viceroy Car Club of Great Britain's Diamond Jubilee. Mercedes-Benz (UK) one of the sponsors, had persuaded its parent company to send over half a dozen priceless exhibits from its museum in Stuttgart to take part.

"Come and drive one," said the letter of invitation. "Be at Stratford Racecourse at 9am." I was. Alas, the cars were not. No, it was not a breakdown in Mercedes-Benz UK's provincial efficiency.

The VCC's computer had crunched the wrong numbers so that while I waited at Stratford Racecourse, the cars had been at the Most Hotel in town. In my absence, they had set off on a scotch rally - a gentle kind of automotive treasure hunt - in the sunny lanes of the West Midlands.

But all was not lost. A quick cross-country run in that most urbane of diesel cars, the Mercedes 260, to the lunch stop where Nick Ridley, VCC's President, rode to the rescue.

If driving a connoisseur's Mercedes had to be a pleasure deferred, would I settle for a go in his 1915 Rolls-Royce Silver Ghost? It was all a bit like being offered a Margaux because the Chateau Pichon had run out.

A Silver Ghost (actually, called the 40/50) is perhaps the ultimate collectable car of the era. It was made from 1906 until just after the First World

War, during which many were used as armoured car chassis. Its massive 7.4 litre, 6-cylinder engine produces less horsepower than a Nissan Micra's tiny 1.3-litre but apparently lasts for ever. Such is its low speed pulling that in a pre-First World War publicity stunt, a Silver Ghost was driven all the way from London to Edinburgh in top gear.

Ridley fired the Ghost up in the time honoured way. He pulled the engine over on the handle a couple of times to fill

the cylinders; fiddled with the ignition advance and retard lever on the steering column; and the trembler coil made one of the plugs spark. Obeyingly, the engine sprang to life and ticked over as slowly and majestically as a ship's diesel.

The Ridley Ghost was made in 1915 for a Stomach Price who was unable to take delivery because of the bother going on back home. It then had a fairly chequered career, reaching a nadir in North Africa from whence, bearing a dreadful locally-made body, it was rescued.

He bought it about five years ago. Its present body is best described as a saloon with the open - though marvellously

roofed - driving compartment for the chauffeur.

It's not quite a sedan de ville, which was entirely exposed to the wind and rain up front - although as luxurious as a first-class pullman car behind. The principle seems to have been that the lower orders from which coachmen and later chauffeurs were drawn would not notice the discomfort of sitting for hours, possibly wet through, in the open air in midwinter.

The Ghost is 2½ tons of truly regal motor car. It must deliver at least 100,000 tons.

But Ridley, like most VCC members, prefers not to talk about cash values of their cars. They say they keep them to drive. (He has covered well over 1,000 miles in his less than 20 years.)

In fact, the Ghost would tackle roundabouts in top because of the engine's extreme flexibility. On main roads, it ran at a steady 55 mph, which wasn't quite enough for me to pull away from a 35-ton flour tanker riding on my tail. The driver gave a friendly nod when I waved him by. That would never have happened if I had been driving a Metro Vanden Plas.

The Diamond Jubilee event ended yesterday with a concours d'art (a sort of aristocratic veteran beauty contest) at Blenheim Palace. Prince Michael of Kent, a keen and competent driver, was at the wheel of Ridley's other car, a 1914 racing Sunbeam, on Tuesday.

What a wonderful world

Arthur Hellyer sniffs the pre-Chelsea blossom

I CANNOT recollect a spring in which gardens have looked more beautiful, in spite of exceptional storms in January and some damaging frosts in April. Blossom has been profuse, recovery from frost rapid and the principal difficulty for flower exhibitors at the Chelsea flower show, which opens next Tuesday, must have been getting the timing of specialities right. It promises to be one of the largest and most varied shows ever.

Visitors will discover a magnificent display of 28 gardens outdoors, ranging from the simple to the highly sophisticated, some with fanciful names to match their imaginative themes. Cabbages and Kings is what Ryl Nowell calls his garden because he was inspired by Alice in Wonderland.

land discovering herself "among bright flowerbeds and fountains." It is all pure fantasy. Water may fall through cabbages, kings may live in striped pavilions. It is a welcome reminder that fun has always been a legitimate, though often neglected element in garden design.

A more serious approach to cabbages and their relations will be found in the educational and scientific section where the British Society of Horticultural Research, Wellesbourne, are making an exhibit of cauliflowers with coloured curds suitable for cultivation on a commercial scale. Colours range from cream to yellow and from bright green to purple, some curds have the typical dome shape and others are pyramids.

The Cotswold County Gar-

den being made by Highfield Nurseries is sure to be highly practical in a romantic way for that has been the hallmark of their designs in recent years. It will contain many of the best as well as herbaceous plants, shrubs and climbers in pastel shades and a stream.

The ten students of Perseus College of Horticulture say that they call the garden the Blind and yet another, designed by David Stevens for B & Q, in which roses predominate but with what are described as "heavier shrubs and lighter herbaceous plants" for contrast. Central to the rose bed is a new, well-scented red variety named Spirit of Youth.

A garden of Golden Memories has been designed by Robin Williams for Help the Aged and, elsewhere in the show, the Burrells stand in Easton Avenue, there is a Disabled Gardeners' Advice Centre in which experts from the College of Occupational Therapists and Horticultural Therapy will give advice on individual problems and demonstrate tools to meet them.

What I think may well prove to be one of the most popular and practical gardens of the lot is called Foliar Harmony, made by Gramphorn, the garden centre specialists. It relies almost exclusively on foliage, a well-planned garden which will give a long season of great beauty with little help from about lived flowers. Those who enjoy this garden should not miss the Goldbrook Plants exhibit of bogies in the Great Marquee. It is an exceptionally comprehensive and beautiful collection of these easily grown plants.

The Window Box and Hanging Basket Competition promises to be exceptionally good since it has attracted over 80 entries from horticultural societies affiliated to the Royal Horticultural Society. There will also be hanging baskets and window boxes in the Paper and Harrow exhibit and it would not surprise me if these are the best in the whole show for the gardeners in this charitable home for adolescents are very clever at growing these plants. This year they are including a special watering system for the containers.

The coveted yet difficult site around the Monument in the Great Marquee is being filled this year by Hilliers Nurseries with an extensive collection of plants, many of them rare. It includes a new evergreen her-

ber named Goldlocks made by crossing two species, Berberis darwinii and the far less familiar and also less hardy B. validissima.

Conservationists will also find special interest in an exhibit from the Kirstenbosch Botanical Gardens of endangered plant species in South Africa including some which are now extinct in the wild though still preserved in cultivation. For one of these plants, thea culture propagation has been used successfully to increase stock and the method is displayed.

Another overseas exhibit which intrigues me comes from the Sultanate of Oman and introduces a new red rose, Sultan Qaboos Rose, developed by the Royal Moorish Nurseries in Holland to thrive both in the temperate climates of Europe and the hot climate of Arabia.

Rather out of ordinary in rose exhibits is one staged by the States of Guernsey to introduce miniature varieties bred by Thomas Robinson and clematis from Raymond Edson. The States of Guernsey is a small island in the English Channel, just Magic, colours as it blooms from creamy white to white and pink.

Look out also for the two new extra free flowering geraniums, Sensation displayed by Suttons Seeds and Mulholland.

The Chelsea Flower Show is open to members only from 8 am to 8 pm on Tuesday and Wednesday, May 22 and 23, and to the public from 8 am to 8 pm on Thursday May 24 and Friday May 25. The ticket agency Keith Frowse is handling the sale of public day tickets. Postal application can be made to The Chelsea Flower Show Ticket Office, PO Box 1426, London, W6 0LQ.

TECHNIQUES FOR success on the chess weekend circuit were well illustrated at the recent Sutton congress, the largest Easter event with more than 350 competitors. First prize in the open went to GM Julian Hodgson, with IM Peter Large a point behind.

Significantly this year was at present the leading contenders for the £2,000 Leigh Grand Prix awarded annually to the overall best performer in UK tournaments.

The optimum playing style in weekenders is direct and aggressive, avoiding long games and the risk of a late Tournament schedules normally involve at least two games a day, and sometimes three are scheduled for Saturday; this makes Sunday morning a killer round for anyone whose Saturday games have all gone the distance.

The Leigh circuit is geared not only towards professionals aiming for the top awards but also to amateur and social players who compete in grading-linked supporting events from which highly ranked competitors are barred. The Leigh Amateur Prix is a stiff test, since only scores of 4½/5 or 5½/6 or better will qualify.

This poses a dilemma: to an entrant who starts the final round with maximum points, it is he or she settles for a quick draw, it will probably win the event but will cost Amateur Prix points; but the prize structure is so highly geared that a loss when going for a win will mean finishing an also-ran.

Britain's Grand Prix was launched in 1974 as the pioneering event of its kind in the world. It has since inspired a US counterpart, regional contests here, and possibly the World Chess Open There is even a Grand Prix Attack in the books. It meets the popular Sicilian Defence 1 e4 c5 by the sequence 2 Nc3 followed by 4 Bc4 or Bb5, O-O, Qe1-d4, f5, and Bb6 with early mate threats.

Hodgson's final round win at Sutton was a good example of his pragmatic weekend style. The opening is conventional enough, but White's 3 Qb3 is suspect, removing his queen from the centre and king's side to create some ineffective threats. Black's interesting counter is to "sacrifice" his king's flank pawn structure by 12... c5 allowing 15 Bxf6, after which it soon becomes clear that the open g file is an excellent attacking route for the black army. A rook sacrifice breaks down the white defences, and White resigns faced with unavoidable mate.

White: A.D. Martin. Black: J.M. Hodgson.

Caro-Kann Defence (Sutton 1990)

1 e4 c5 2 d4 d5 3 Nc3 dxc4 4 Nxd5 5 Bc4 Nf6 6 Nf5+ 7 Qc7 8 Qb3 9 Nc3 10 Bb5 11 Bb1 12 Bb7 13 Bg5 14 dxc5 15 Bxf6 16 Bg5 17 Bg6 18 Bg7 19 Bg8 20 Bg9 21 Bg10 22 Bg11 23 Bg12 24 Bg13 25 Bg14 26 Bg15 27 Bg16 28 Bg17 29 Bg18 30 Bg19 31 Bg20 32 Bg21 33 Bg22 34 Bg23 35 Bg24 36 Bg25 37 Bg26 38 Bg27 39 Bg28 40 Bg29 41 Bg30 42 Bg31 43 Bg32 44 Bg33 45 Bg34 46 Bg35 47 Bg36 48 Bg37 49 Bg38 50 Bg39 51 Bg40 52 Bg41 53 Bg42 54 Bg43 55 Bg44 56 Bg45 57 Bg46 58 Bg47 59 Bg48 60 Bg49 61 Bg50 62 Bg51 63 Bg52 64 Bg53 65 Bg54 66 Bg55 67 Bg56 68 Bg57 69 Bg58 70 Bg59 71 Bg60 72 Bg61 73 Bg62 74 Bg63 75 Bg64 76 Bg65 77 Bg66 78 Bg67 79 Bg68 80 Bg69 81 Bg70 82 Bg71 83 Bg72 84 Bg73 85 Bg74 86 Bg75 87 Bg76 88 Bg77 89 Bg78 90 Bg79 91 Bg80 92 Bg81 93 Bg82 94 Bg83 95 Bg84 96 Bg85 97 Bg86 98 Bg87 99 Bg88 100 Bg89 101 Bg90 102 Bg91 103 Bg92 104 Bg93 105 Bg94 106 Bg95 107 Bg96 108 Bg97 109 Bg98 110 Bg99 111 Bg100 112 Bg101 113 Bg102 114 Bg103 115 Bg104 116 Bg105 117 Bg106 118 Bg107 119 Bg108 120 Bg109 121 Bg110 122 Bg111 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SAVILLS



BERKSHIRE 98 ACRES

Barkham

Wokingham/Waterloo 50 minutes, M4 (Junction 10) 5 miles, Central London 36 miles.

Fine Grade II listed house with superb entertaining rooms in a secluded setting.

Main house: 5 reception rooms, breakfast room, domestic offices, 5 bedrooms, dressing room, 4 bathrooms, playroom.

Substantial stable house, 2 staff cottages.

Entertaining complex with 53' entertaining room and large indoor swimming pool room, hard tennis court, stable block, garden.

All contents included within the sale.

Savills, London. Tel: 071-730 0822. Contact: Henry Pitman.



LINCOLNSHIRE 93 ACRES

Horncastle

Horncastle 6 miles, Louth 12 miles, Lincoln 20 miles.

A handsome Grade I listed Carolean mansion house.

5 reception rooms, 10 bedrooms, 3 bathrooms.

Stables, staff flat, 3 cottages.

Tennis court. Parkland, formal gardens, woodland.

In the region of £900,000.

Joint Agents:

Robert Bell & Co. Tel: (0507) 522221.

Savills, Stamford. Tel: (0780) 66222.

Contact: Stuart Paton.



HEREFORDSHIRE About 50 ACRES

Ross-on-Wye

Gloucester 16 miles, Monmouth 10 miles, Hereford 14 miles.

Outstanding country house with delightful gardens and grounds in the Wye Valley.

4 reception rooms, loggia, 5 bedroom suites, 2 secondary bedrooms, 6 bathrooms.

Staff flat, garaging for 8 cars, outbuildings.

Tennis court, swimming pool. Delightful gardens, arable and pasture land.

Price on application.

Savills, Hereford. Tel: (0432) 354343. Contact: Christopher Lyons.



STIRLINGSHIRE 2,024 ACRES

Queen's View, Blairfield

Glasgow 13 miles, Stirling 27 miles.

First class agricultural and sporting estate only 30 minutes from Glasgow city centre.

Georgian house (2 reception rooms, 4 bedrooms), 2 cottages, mill with planning consent.

304 acres arable/improved grazing, 189 acres rough grazing, 1,182 acres hill, 346 acres woodland.

Driven pheasant shoots, walked-up grouse shooting and trout fishing.

For sale as a whole or in 2 lots with vacant possession.

Offers over £350,000.

Savills, Edinburgh. Tel: 031-226 6961. Contact: J MacNab.



KINROSS-SHIRE About 1,042 ACRES

Overlooking Loch Leven

Perth 21 miles, Edinburgh Airport 30 miles.

A sporting and farming estate with attractive mansion and a renowned wildfowl and pheasant shoot within half an hour's drive of Edinburgh Airport with Benney Tilt.

Amor tower with 4 reception rooms, 7 bedrooms and 3 bathrooms. Full central heating. Attractive woodland garden with 15th century tower 2 farmhouses, coach house and 2 cottages.

Productive in-hand farm with 304 acres arable, 379 acres pastureland and 156 acres woodland. Exciting pheasant shoot with 6 flight ponds. Trout fishing on 25 acres loch.

Savills, Edinburgh. Tel: 031-226 6961.



WILTSHIRE - The Chalke Valley 980 ACRES

Salisbury 10 miles, London 94 miles, Shaftesbury 7 miles.

An outstanding residential, sporting and agricultural estate with a fine Grade II listed 17th century manor house and excellent high pheasant shoot.

Manor house: 3 reception rooms, 4 bedrooms, 2 bathrooms, staff cottage.

Walled gardens on the edge of the village of Ebbesbourne Wake.

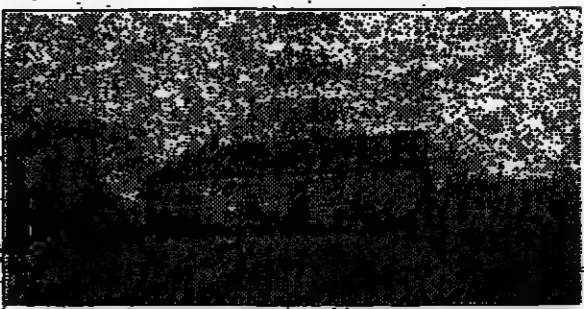
Essex dwellings: 4 bedroom farmhouse, 3 bedroom period cottage, 2 bungalows.

The Estate: Mixed chalk downland estate with commercial dairy and arable enterprises. Amenity woodland and woodland. Notable sporting shoots: 700,000 line, milk quota.

For sale by private treaty as a whole or in 3 lots.

Joint Agents: Woolley & Wallis, Salisbury. Tel: (01222) 21711.

Savills, Salisbury. Tel: (01222) 20422. Contact: Robert Mowbray.



BUCKINGHAMSHIRE About 35 ACRES

Boarstall

Calverton 7 miles, Thame 7 miles.

Magnificent Grade II listed Tudor country house.

Hall, 4 reception rooms, kitchen/breakfast room, 5 bedrooms, 4 bathrooms, attic rooms.

Stable buildings, horse boxes, garaging.

Swimming pool.

Charming parklands, trout lake.

Region of £1,000,000.

Savills, Bury. Tel: (0595) 263535. Contact: Michael Clark.



WILTSHIRE - Rusalall

Pewsey 4 miles (Pachigraze 64 miles), London 85 miles.

Fine Georgian former rectory in most delightful setting.

3 reception rooms, 4 bedrooms, 2 bathrooms, 4 attic rooms with potential.

Oil central heating.

Garaging and flower building.

Attractive gardens, 5 paddocks.

About 5 Acres.

Offers in the region of £450,000.

Savills, Salisbury. Tel: (01222) 20422.

Contact: Christopher Long.



WILTSHIRE - Near Ramsbury

Blagden 5 miles/London/Packington 35 minutes, M4 (Junction 14) 8 miles, Central London 72 miles.

A fine country house in a totally peaceful and secluded setting with views over rolling downland.

Entrance hall, 4 reception rooms, conservatory, 4 self-contained bedrooms wing comprising 5 bedrooms, 4 bathrooms and a bar room.

Substantial secondary homes.

Garaging and outbuildings. Landscaped garden and grounds.

About 6 Acres.

Savills, London. Tel: 071-730 0822. Contact: Sarah Adams.



LONDON - 3-5 Lansdowne Road

Holland Park W11

14 carefully crafted new apartments set within a secure, landscaped garden in this quiet and highly successful street.

Large, elegant reception room, 2/3 bedrooms, 2/3 bathrooms, fully equipped kitchen.

Many apartments benefit from private gardens or terraces.

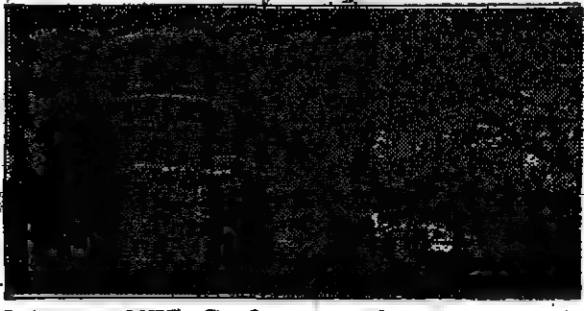
Private parking spaces available @ £15,000.

999 years plus share of freehold.

Prices from £350,000 - £675,000

Joint Agents: Marsh & Parsons, London. Tel: 071-403 9275.

Savills, Kensington. Tel: 071-221 1731.



MIDDLESEX - Sunbury-on-Thames

M3 106 miles, Heathrow Airport 8 miles, Central London 15 miles.

Exceptional Georgian house with superb gardens and outbuildings facing on to the River Thames.

4 reception rooms, breakfast room, playroom.

4 bedrooms, 3 bathrooms.

Excellent 3 bedroom cottage, 2 bedroom flat over garaging for 5.

Large indoor swimming pool complex, hard tennis court, magnificent conservatory.

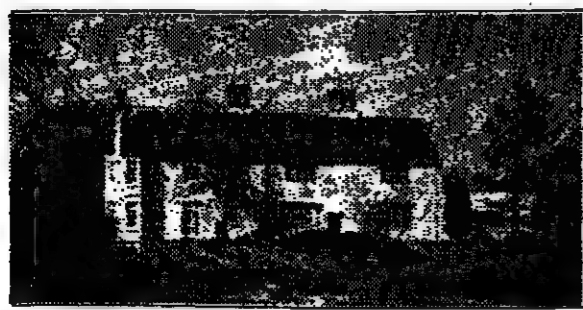
300ft. direct river frontage with boat house and private mooring.

Beautiful gardens.

About 11/2 Acres.

Region of £1.8 million.

Savills, London. Tel: 071-730 0822. Contact: Paul Finnegan.



NORTHAMPTONSHIRE - Hartwell

Northampton 6 miles, Milton Keynes 3 miles.

Historic 17th century listed Grade II country house set amongst mature gardens and grounds.

5 reception rooms, kitchen/breakfast room, 5 bedrooms, 2 bathrooms, 2 attic bedrooms.

Outbuildings.

Paddock, garden.

3 1/2 Acres.

Region of £480,000.

Savills, Bury. Tel: (0295) 263535. Contact: Michael Clark.



BERKSHIRE - Maidenhead

Maidenhead town centre 1 mile, M4 (exit 89) 4 miles, Central London 27 miles.

Substantial 19th century property in need of renovation, classified as D1 and well recently used as a museum.

Reception hall, 3 main reception rooms, 2 secondary reception rooms, domestic offices, cellar.

Collected landing, 10 bedrooms, dressing room, 3 bathrooms, 2 attic bedrooms.

Changes with lodge bar above (let), gardens, 150' direct Thames frontage.

Offers in the region of £600,000.

Joint Agents: Pike Smith & Kemp, Maidenhead. Tel: (0628) 21172.

Savills, Henley on Thames. Tel: (0491) 579990.

Contact: Nicholas Brown.



BUCKINGHAMSHIRE - Marlow

Marlow centre 1/2 mile, M40 4 miles, Central London 33 miles.

Superb, Thameside house in a peaceful setting with excellent sporting facilities.

3 reception rooms, gym, sauna, 5 bedrooms, study/dressing room, 3 bathrooms.

2 bedroom staff annex, garage, stables, outbuildings, wet bedrooms.

About 600' towpath frontage.

Paddock.

About 11 Acres.

Price: £775,000.

Lot 2: Paddockland of about 38 acres with road access Price: £125,000.

Savills, Henley on Thames. Tel: (0491) 579990.

Contact: Richard Trustman Esq.



SUFFOLK - Halesworth

Halesworth 3 miles, Ipswich 28 miles, Liverpool Street Station 65 minutes.

Superbly maintained country house with wonderful rural views, extensive outbuildings and four gardens.

4 reception rooms, 7 principle bedrooms, 4 bathrooms, 3 attic bedrooms.

Couch house, garaging, smoking, outbuildings.

Square walled garden with swimming pool/pavilion and glass conservatory.

Large lake/paddock.

22 Acres.

Region of £200,000.

Savills, Ipswich. Tel: (0479) 226699. Contact: Michael Goss.



NORTHANTS/LEICESTERSHIRE Borders

Stoke Albany

Market Harborough 3 miles, Kettering 8 miles, (London St Pancras 50 minutes).

A magnificent Grade II listed manor house in immaculate condition with extensive sporting facilities.

3 reception rooms, kitchen/breakfast room, 5/6 bedrooms, 2 bathrooms, shower room.

Self-contained ground floor, stable yard with 11 loose boxes, board barn with office suite (convert for 2 bedroom flat). All weather riding arena, garaging.

Quadrant, grounds and paddocks. Further land available.

In all approximately 14 Acres.

Offers invited.

Savills, Stamford. Tel: (0780) 66222. Contact: Mark Andrews.



SURREY - Woking

Godalming 5 miles, A36 6 miles, M25 12 miles, Waterloo station 36 minutes.

Charming Georgian Grade II listed residence, set in delightful gardens and grounds with trout stream.

Lot 1: 3 reception rooms, 5 bedrooms, 2 bathrooms, 3 room annex, Coach house.

Garaging. Loose box. Further outbuildings. Formal walled garden.

Leisure gardens with tennis lawn.

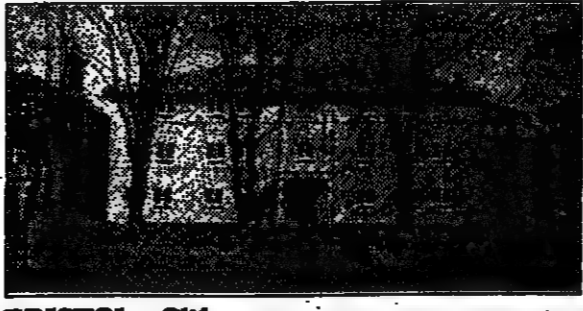
Paddock. Stream.

Lot 2: Detached bungalow with 2 bedrooms.

About 9 1/2 Acres.

Lot 1: Region of £50,000. Lot 2: Region of £150,000.

Savills, Godalming. Tel: (0483) 576551. Contact: John Brown.



BRISTOL - Clifton

Central city centre 1 mile, M5 junction 34 1/2 miles.

A superb development of 2 and 3 bedroom apartments finished to the highest of standards.

All finished with fully fitted kitchens and bathrooms, en-suite, full gym central heating and hot water.

Communal gardens, garaging and parking spaces.

From £175,000 - £295,000.

Savills, Bath. Tel: (0225) 446622. Contact: Charles Burbidge.



EAST DEVON - Near Honiton

M3 15 miles, Exeter 17 miles, Queen 2 miles.

Disregarded Regency house, listed Grade II, in delightful grounds close to peaceful village.

4 reception rooms, kitchen/breakfast room, domestic offices, 5 bedrooms.

5 bedrooms, staff annex, coach house with potential flat.

Garaging/Outbuildings.

Mature gardens. Vineyard.

3.6 Acres.

Offers in the region of £450,000 Enfield.

Savills, Exeter. Tel: (0392) 411721. Contact: John Eaton-Terry.

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REFURBISHED AND REDECORATED TO THE HIGHEST
STANDARDS5 Reception Rooms, Excellent Domestic Office, 10 Bedrooms,
7 Bathrooms, Sauna, Office, Staff Flat.Two Cottages, Garages, Stables, Swimming Pool, Tennis Court, Garden,
Golfed, Paddock and Woodland.**ABOUT 96 ACRES IN ALL**
London Office: 071-499 4785**WEST SUSSEX - SLINGFOLD**

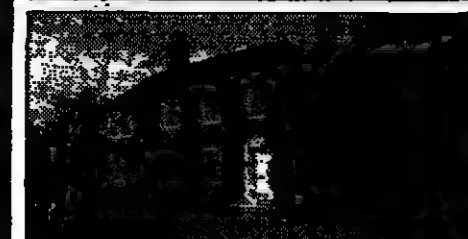
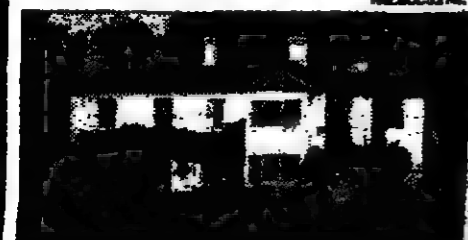
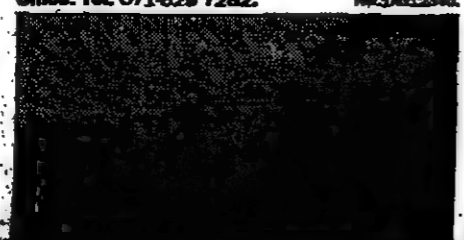
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beautiful garden and grounds4 Reception Rooms, Playroom, Kitchen/Breakfast Room, Utility,
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For sale as a whole or in 2 lots

Business Office: 0128 61077 & London Office: 071-499 4785

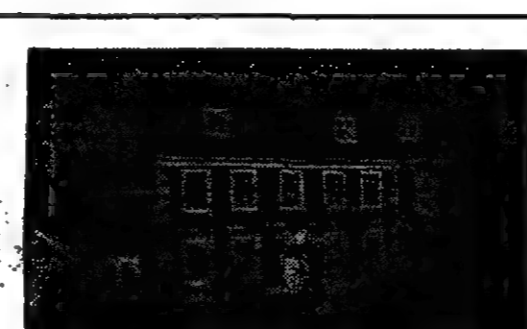
Head Office: 15 Half Moon St, London W1.

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071-629 7282**KENT - Sandwich**, Canterbury 12 miles. A
comfortable Georgian house Listed Grade II* on
the edge of the town set within a large garden
and with the benefit of an attached outbuilding.
Hall, 3 reception rooms, kitchen/breakfast room,
cellarage, 5 bedrooms, 2 bathrooms, double
garage, landscaped garden, Period barn. About
0.75 acres. Region £380,000. Canterbury Office:
Tel. (0227) 451123.**BERKSHIRE - Renscombe**, Twyford 1 mile
(Paddington 35 mins.). Superbly restored 18th
Century Grade II manor house. 3 reception
rooms, 4 bedrooms, 3 bathrooms, PP for study,
bedroom & bathroom. Grade II barn and granary.
Cottage, Outbuildings. Swimming pool, Tennis
court. Gardens, Grounds. 2 paddocks. About 7.5
acres, 1 Acre Plus, South Hemp, Maidenhead:
Tel. (0525) 38702. Strutt & Parker London
Office: Tel. 071-629 7282.**NOTTINGHAMSHIRE - Feltham**, Southwell 3
miles. An impressive Georgian house with
access to the River Trent. 3 reception rooms,
breakfast room, 8 bedrooms, 2 bathrooms.
Outbuildings including coach house for post,
corn, Gardens, Grounds. About 0.52 of an acre.
Mooring & fishing rights. Potential for alternative
uses. Region £435,000. Nottingham Office:
Tel. (0476) 65886. Market Harborough Office:
Tel. (0858) 33123.**LINCOLNSHIRE - Fallowfield**, Southwell 10
miles. A superbly restored 18th Century house on
the Lincolnshire Cliff with panoramic views over
the Trent and Wiltshire Valleys. Hall, 4 reception
rooms, 3 bedroom bathroom suites, 4 further
bedrooms and 2 bathrooms. Outbuildings.
Gardens, Pasture paddocks. About 19 acres.
Gasthouse Office: Tel. (0476) 65886. Market
Harborough Office: Tel. (0858) 33123.**DORSET - Sturminster Newton**, Gillingham 10
miles. An attractive Grade II manor 17th
Century house, with later additions set in
mature grounds. Also suited for alternative uses
such as hotel or residential development. 4 reception
rooms, kitchen/dining room, 2 further rooms.
Bathroom (potential annex), 6 bedrooms, 3
bathrooms, Stable block. About 4.5 acres. Region
£200,000. Salisbury Office: Tel. (0722) 26741.**DEVON - Dartmouth**, Dartmouth 10 miles. A superbly restored small
manor house, sporting and leisure estate. Manor
house with 3 reception rooms, 6 bedrooms, 5
bathrooms. Swimming pool, 4 cottages, 2 lakes.
Gardens, Paddock, Woodland, Moorland. About
54 acres (further land may be available). Exeter
Office: Tel. (0392) 215631.**NORTH EAST SUFFOLK - Southwold** &
coast 5 miles, Lowestoft 12 miles. A superbly
restored Grade II Georgian country house.
Hall, 2 reception rooms, kitchen, 6 bedrooms, 2
bathrooms. Second floor with potential for further
accommodation. Modernised detached 2 bedm.
single storey staff cottage/guest annex.
Gardens, Grounds. About 6.5 acres. Region
£405,000. Ipswich Office: Tel. (0473) 214841.**SUSSEX - Haywards Heath** 7 miles. (London
Bridge & Victoria 47 minutes). An outstanding
country house in an excellent position with
superb views to the South Downs. Hall, 3
reception rooms, 4 bedrooms, 4 bathrooms, 5
bedrooms, 2 bathrooms. Stables. Delightful
garden. Heated swimming pool. Adjoining pasture.
About 21 acres. London Office:
Tel. (0273) 475455.

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Northants/Oxon Border, 26½ acres

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grounds, with possible commercial potential.4 reception rooms, 7 bedrooms, 2 dressing rooms, 4 bathrooms,
stabling, garage, Cottage. Lovely gardens and grounds with hard
tennis court, paddocks, woodland and trout lakes. In all about
26½ acres.

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seclusion within the heart of the prestigious Wotton Estate. It is
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family room, utility room and cloakroom. There is also a superb indoorswimming pool complex complete with Jacuzzi, sauna and shower facilities.
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are laid mainly to lawns surrounded by a pleasing mixture of flower borders,
shrubs and trees. There is an extensive full width patio area across the rear of
the house on which to relax and take full advantage of the southerly aspect.

Offers invited in the region of £1,500,000 freehold

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Ireland - 1671 acres
County Louth, Dublin 65 miles, Limerick 82 miles, Port Lough 9 miles.

One of Ireland's finest private estates.

The Georgian principal house designed by
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The Abbey Lark Stair with 24 loose boxes, raised
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amenity setting.
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In all about 1671 acres.

For sale by private treaty as a whole or in 7 lots.

Details from joint sole agents: Humberts Chartered Surveyors, Tel: 071-628 6700
Hamilton Osborne King, Tel: Dublin 760251 and 765011

Hampshire 946 acres

Andover 4 miles, Salisbury 14 miles, Winchester 18 miles, A303 2 miles.

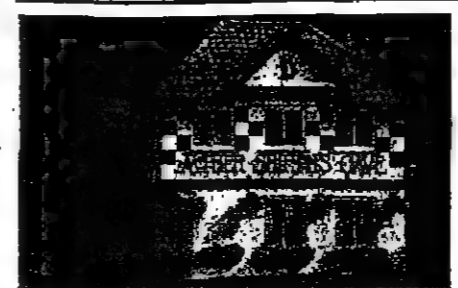
A beautiful arable estate with extensive woodlands,
superb sporting and potential for alternative uses
including golf.
The farmhouse set in a woodland position and including
an entrance hall, 2 reception rooms, 4 bedrooms and
further accommodation. Five cottages, a traditional range
of farm buildings with development potential and modern
grain storage facilities for 1500 tonnes. Good arable land,
permanent pasture and over 243 acres of commercial and
amenity woodland. Excellent shooting and a good
opportunity for alternative use of part as a golf course.
In all about 946.22 acres.
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Details: Weller Eggar, Tel: 0252 716221 or
Humberts London office 01427444

East Sussex 13 acres

Lewes 4 miles, Uckfield 4 miles, Brighton 11 miles.

A fine Edwardian house situated in a parkland
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3 reception rooms; master bedroom with ensuite
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Indoor swimming pool complex. Hard tennis court.
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A development Charles III would approve of



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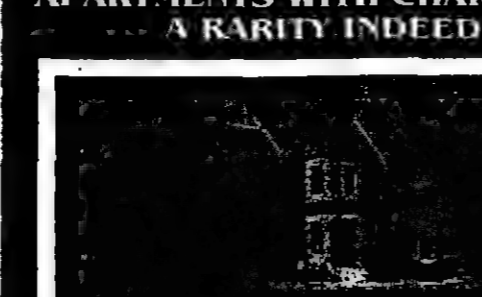
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TRAVEL

On the trail of a cowboy legend

DUST. IT creeps down the throats and clogs every pore of the passengers riding the Butch Cassidy trail. Nothing escapes the clouds of sand and grit which sweep down from the Andes, through Fly Canyon and across the plains of Patagonia.

Butch Cassidy and the Sundance Kid tried farming this corner of Argentina but the infertile land persuaded them back to crime. Route 259 between Bariloche and Esquel was named after Butch as a mark of respect - the Argentinians say he hit the dust at the roadside in Rio Pico, a village near the Chilean border.

Argentina's wild west, which made Butch homesick for Wyoming, has not changed much in the 85 years since he rode through it with Sundance. The wooded valleys and harsh scrubland still look a safe haven for outlaws. It only became unsafe for Cassidy and the Kid after they bungled a robbery and shot dead a Welsh immigrant in Trevelin, 1,000 miles south-west of Buenos Aires. The personal effects of Llywd Aylwan, the manager of the Chubut store, are on display in the town where he died. Llywd never imagined when he left Gwynedd for Argentina that he would meet his end at the hands of America's favourite bank robbers.

His death is commemorated at the Trevelin mill, which now houses a museum celebrating the survival of the Welsh settlers who arrived in 1885. The exhibits include a Jones Sewing Machine "As supplied to her majesty Queen Alexandra," bibles published in London and press reports about Milton Roberts, the police commissioner who led the posse which killed Butch and Sundance in 1910.

Their demise is still a matter of conjecture. Hollywood had the outlaws gunned down in San Vicente, Bolivia, but this version has been discredited by historians. Lula Parker Betenson, Butch Cassidy's sister, claims her brother survived South America to return to the US. She told journalist Bruce Chatwin, author of *In Patagonia*, that "her brother came back and ate blueberry pie with the family... She believes he died of pneumonia in Washington State in the late 1930s."

All this has been ignored by tour operators in Argentina and the US. They know a money-spinner when they see one and Patagonian Adventures, a US travel company, has started treks to Butch Cassidy country. Tourists mean dollars and

In the penultimate part of his Andean series, Tim Burt travels the Butch Cassidy trail in Patagonia, and meets a number of Welsh descendants who maintain the first rugby pitch east of the Andes

Argentina wants to earn money out of the American duo and the Welsh communities they robbed. But the eight-hour bus rides between hotels and rocketing inflation may deter the big spenders from Patagonia, a region stretching 750 miles from Bariloche, Latin America's largest ski resort, to Rio Gallegos, the port opposite the Falkland Islands. Of the 74,000 Britons who visited Latin America last year, less than 3,000 opted for Argentina and fewer still gave Patagonia a glance.

The Government in Buenos Aires hopes this will change. President Carlos Menem, who is never short on words, has said that "tourism remains one of Argentina's great unexploited industries. It is the famous industry without smokestacks."

There is little industry in evidence as you bump along Route 259. Work on a paved road is at a standstill and has been, on and off, for 15 years. There are no subsidies available and the labourers are on strike. The buses are picketed by strikers protesting at "the region without a highway; 150 workers without jobs; 150 families without food." The workers say they cannot afford the foot-long steaks which weigh in at \$2 each at the pricier restaurants of Esquel.

Meats in Patagonia and throughout Argentina make unhappy reading for vegetarians. Every bovine organ from brain to testicle is served up. There are, however, a few concessions to Welsh cuisine in Esquel, the town founded by settlers at the southern end of the Butch Cassidy trail. Pies and cakes are listed among the *postres* - puddings - to satisfy the immigrants living along the Chubut River Valley.

Their names read like the team list of a Pontypool rugby XV: Nautilus Evans, Renee Griffiths, Anson Roberts, Leslie Rhys. In reality, Evans runs a tour agency in Bariloche; Griffiths is the first Argentine to breed guanacos - the cousins of the Andean llama; Roberts is a retired soldier; and Rhys is the former rugby coach of the Belgrano School in Buenos Aires.

They all speak Welsh and they all mean about Argentina's hyper-inflation. Anson Roberts, who lives in Esquel, says: "In 1985 I bought a house with what it now costs for a box of matches." Ten years ago a 10,000 Austral note was enough for a new car. Today it buys a few beans.

Some of the Welsh descendants work off their frustrations playing rugby outside Esquel. The first rugby pitch east of the Andes is little more than a piece of desert where the scrub is mown. Los Dogos, the home side, plays derby matches there against Odraig Goch, the Red Dragons, from Trevelin.

The game was introduced by British engineers who built the railroad which terminates in Esquel, the end of the line for South America's rail network. Once a week, the "coffee pot" - a narrow gauge locomotive - hauls a passenger service into the last station in the Americas before Antarctica. Buenos Aires is more than 30 hours away and delays are frequent. The Argentinians say they know the railway is British-built because journeys are slow and the system loses \$6m a day.

There is a genuine animosity, however, to things British. Many of the first European landowners were English and the estancias once owned by the crown still observe Anglo-Saxon rituals. The cowhands stop work every afternoon for a tea break. The gauchos are firm believers in tradition, and "tea at four" is one of them.

Apart from tea breaks, Argentine folklore says the gaucho is possessive of just three things: his horse, which is his freedom from the land; his woman; and his *facón* - the knife tucked into his belt - which is his companion and protector in a fight. They live a semi-nomadic life in Patagonia, a long way from the manicured ranches around Buenos Aires, and they hunt the wild boars, guanacos and rheas - the Argentine catfishes - which inhabit the region. Only the Valdes peninsula, where Route 259 meets the Atlantic coast, is out of bounds for hunting. The peninsula borders Golfo



Gauchos live a semi-nomadic life in Patagonia - a long way from the manicured ranches of Buenos Aires

Nuevo, the gulf where Parry Madryn dropped anchor with his Welsh settlers 125 years ago. The last British ship to sail into the gulf was the transport ship *St Edmund*. On July 14 1982 it returned 893 prisoners of war captured during the Falklands conflict. Few of the men on board dreamed that by 1990 the bleak steppe of land on the horizon would be advertised as a tourist attraction.

The peninsula is a 1,500-square mile nature reserve crawling with armadillos, desert foxes, rheas and seals. The wildlife has adapted to the climate better than man. The fishermen sit out the gales in board-up buses dumped on the sand. The armadillos, which look like armour-plated moles, are protected by their shells; the foxes sit out the storms in their layers; and the rheas can outrun the wind. Only the seals, insulated by layers of

blubber, remain unmoved by the harsh climate.

Herd of the fat mammals live at Delgado Point, which marks the end of Argentina. Going east, the next major landmass is Australia, and the elephant seals often wobble in that direction. Like human sunbathers they snore loudly, lie prostrate in the heat and look outraged when you sit beside them. They are a *lasy lot*, and even their growls turn into yawns. When they feel like a dip, they just roll into the Atlantic and swim away from Patagonia.

Tim Burt travelled with *Journey Latin America* (081-747-3108) which organises tours to Patagonia, and *Air France*, which flies from Paris to Buenos Aires. *Aerolineas Argentinas*, which flies to London, sells a *sky-flight* air pass on its domestic network.

TRAVEL BUSINESS

The early bird...

BEING asked to book early for a skiing holiday this winter will be seen by some to be similar to being offered a package on the Titanic's sister ship following her unfortunate collision with an iceberg - psychologically tricky - especially after some fairly hefty price increases.

Both in spite of and because of last year's disastrous season, tour operators are falling over each other to persuade clients to book early. Mark Warner and Bladon Lines have taken the brave, perhaps foolhardy, step of giving clients the chance of cancelling their holidays up to 72 hours before they fly if there is still inadequate snow.

In Mark Warner's case, this means less than 15 per cent of runs and lifts being open. In the Bladon Lines deal the figure is not quite so generous: less than 10 per cent of runs and lifts open. Bladon Lines will deduct £250 from the holiday price. Such deductions will only be made retrospectively in the event of cancellation.

"What this means," says Mark Chitty, Mark Warner's managing director, "is that thousands of people, who might normally be too apprehensive about yet another snowless start to the season to book early, will now be comforted by the opportunity of cancelling or changing at the 11th hour."

Bladon is offering "unbelievably low prices" on bookings - with a £55 deposit - made before July 1. But, unlike Mark Warner and Bladon Lines, Nelson requires an insurance premium "upfront" of £35, which gives its clients the option of changing their bookings but only up until 15 days from the departure date. At this stage clients can change resort or delay their holiday - but NOT cancel it altogether without the usual 70 per cent cancellation charge.

Ski Thomson, the brand leader, is offering free incentives to clients who book before August 15. The company has done a deal with chain store C&A giving customers who book before August 15 up to £40 worth of reductions on ski clothing. Thomson is also offering groups of between 10 and 14 two free places instead of the normal one if they ski in low season in certain resorts. One or two children in a family can get reductions of up to 75 per cent if they book early. Thomson has also done what many tour operators have toyed with doing - moved the goal posts, if only in one country, Yugoslavia, by "delaying"

the ski season. "There's no reason why the season has to start before Christmas everywhere," says Mark Wenborn, Ski Thomson's programme director. "We're starting our programme in northern Yugoslavia on January 6, two weeks later than normal. The season there will end two weeks earlier, too. The skiing market needs to adjust to changing economic and climatic factors."

Thomson's rival, Intasun Skisense, has negotiated reductions from 40 hotels for groups who book before September. The managers as well as the bigger companies are also trying to lure early custom. Both Ski Scott Dunn and Collingridge are offering next winter's holidays at last winter's prices providing customers book before June.

A number of companies, including Bladon Lines, Mark Warner and Nelson are issuing special "early bookings" brochures in advance of their normal brochures.

Fiona Esdale, managing director of Bladon Lines, was able to test the waters earlier than anyone by launching Bladon's early brochure more than a month ago.

"We've already had well over 1,000 bookings and we hope to have reached 4,000 by the end of June," she said.

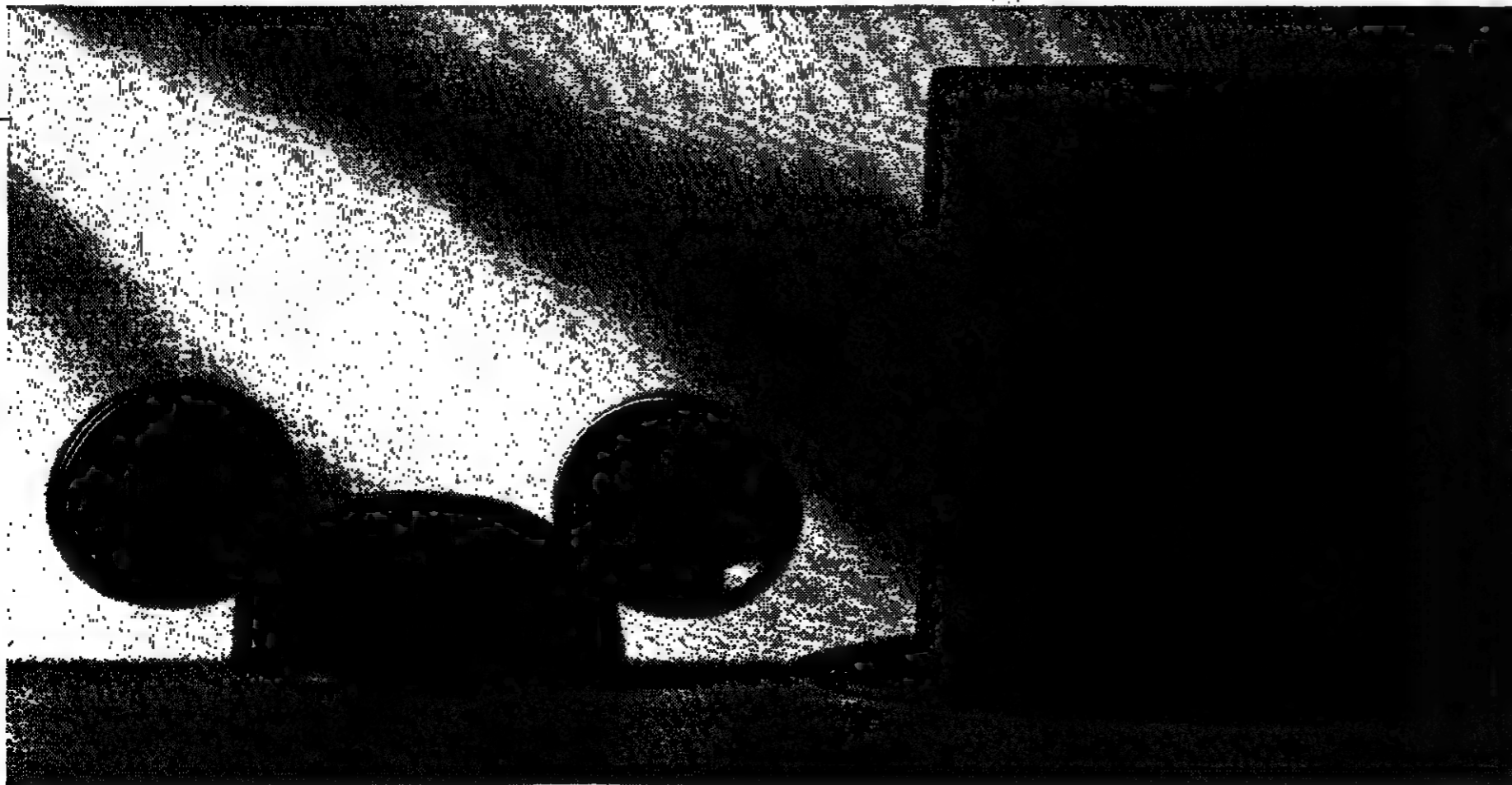
Bladon Lines is guaranteeing no surcharges. Esdale is predicting price rises of between 10 per cent and 15 per cent on skiing holidays.

"We thought about giving people £20 off their holidays," said Andrew Dunn of Ski Scott Dunn. "But then we thought that would be a little piffling. We considered giving customers a free gift - a telephone, for example - but we thought that might devalue our product and hard cash was better. So once our new brochure's out we'll be offering £50 off people's holidays if they book before September."

Collingridge is also offering 10 per cent off to clients who pay half the cost of their holiday before June 15. Part of the battle is to encourage skiers not to desert Europe for America, where the snow is normally a much better bet. Ski the American Dream, the only ski tour operator in Britain which couldn't care less about the weather in Europe as it doesn't send any clients there, is rushing out its brochure a month early.

Arnold Wilson

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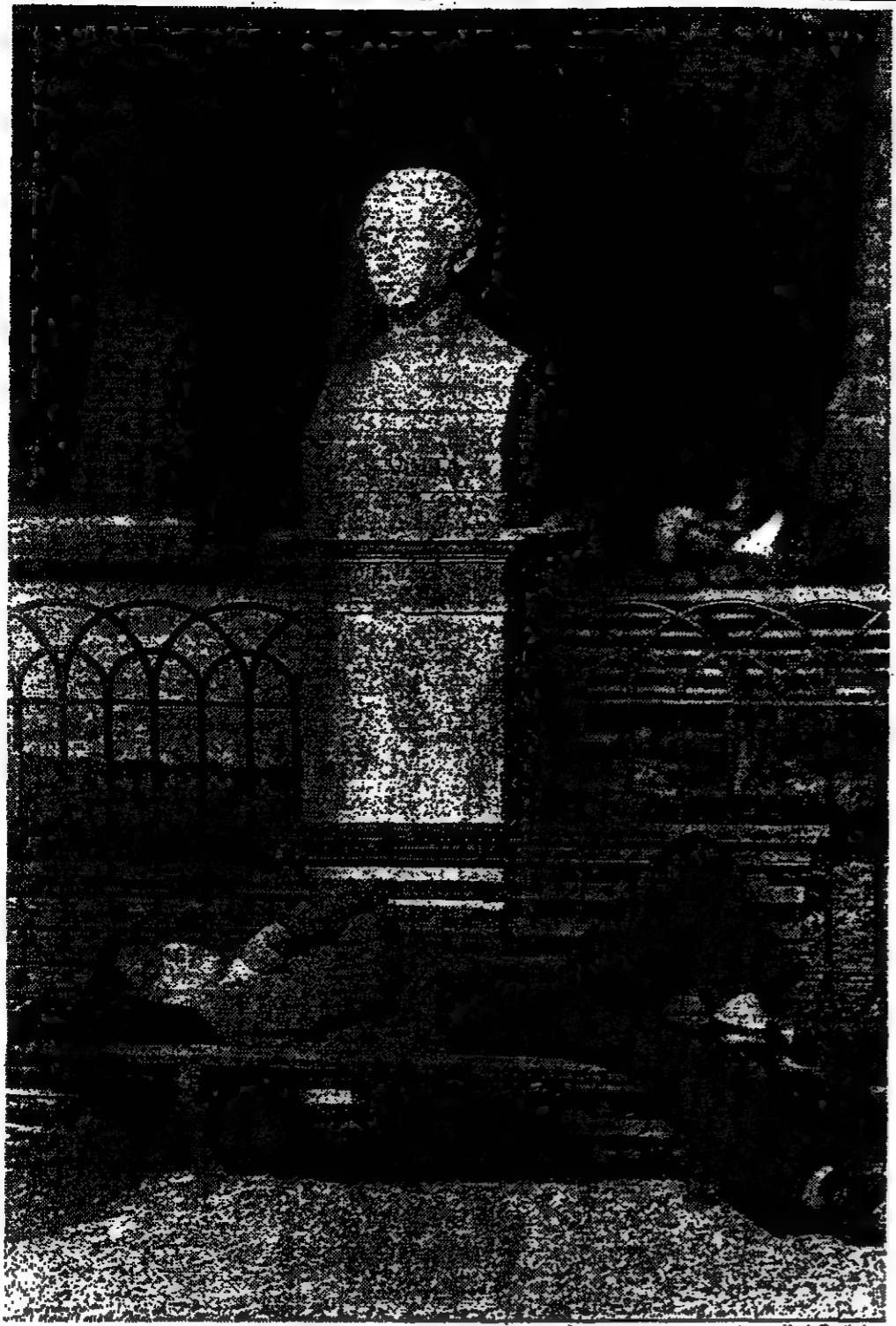
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Italy in Focus

TRAVEL

Next month's soccer World Cup looms large on Italy's horizon. But there will be life after the World Cup. To launch three pages of coverage of Italy as a premier travel destination, John Wyles, the FT's Rome Correspondent, describes his idea of the perfect day in the Italian capital

The Eternal City at your feet



Landscape near the Villa Borghese

IT IS usually the vista from the heights of Monte Mario at sunset, when the Rome at your feet is bathed in that golden orange light which burnishes the dome of St Peter's down to your right and turns the Tiber into a ribbon of flame, that the home-grown great marmoset, almost humbly, "God, you are lucky to live here."

At this and the many comparable moments which Rome can afford, it would be churlish, inappropriate and insensitive to dissent. You know from previous experience that honoured guests have regarded the Roman traffic jams as a slightly irritating, but minor, eccentricity. They have had little or no contact with the Roman bureaucracy, scarce experience of the vagaries of the Italian telephone system and have never been confined by a Roman taxi driver in a bad temper.

So it may be that Rome is an infinitely nicer city to visit than to live in. Many of the locals are undoubtedly disenchanted by the difficulties which bedevil daily life, from the clogging traffic and, in summer, associated pollution, to preparations for next month's World Cup which have closed important transport arteries and apparently required the repeated excavation of every street of any importance.

No Roman dinner party is complete without an exchange of anecdotes to confirm the general conclusion that "Roma è diventata invivibile." However, the natives and foreign Romanophiles have always tended to look back one or two generations to a golden age — these days it is the 1950s, when the ancient and extraordinary Hippodrome and the Piazza del Campidoglio were still in the hands of the Fascists, and the city was a means of social as well as physical mobility.

In his two-volume *Walks in Rome* — one of the greatest guides to the city ever penned — Augustus Hare laments that in the mid 1890s the results of what he called Sanfonia rule after unification in 1870. This period had "done more for the destruction of Rome, with its beauty and interest, than all the invasion of the Goths and Vandals. The picturesque of old days must

now be sought in such obscure corners as have escaped the hands of the spoiler."

Yet the supreme advantage of living in the Eternal City is that unique intimacy and feel for its special properties which grips even the most unromantic heart. In time, the resident accumulates a catalogue of favourite experiences, places and people which do not always feature prominently in the guidebooks and, therefore, are off the tourist's beaten track. Winnowed down, they can be assembled into *A Perfect Day in Rome*. Here is mine.

It begins with a haircut, usually before 9am when waiting time is at a

'At least five minutes should be spent in the tiny Piazza Colonna enjoying the square'

minimum. Why Romans should be particularly talented at editing the scalp is a mystery. But they are, and the good Roman barber complements his art with a conversational stream of consciousness which in the space of 20 minutes will range from a detailed tactical appreciation of all of the First Division soccer clubs to a sophisticated interpretation of the latest political crisis.

Sergio, of Sergio e Mario in Via delle Luciane, is particularly well informed because he attends to many political heads. Admirably, he has struck a blow for equal opportunity by employing the equally talented and rather more beautiful Anna, who is as tactful as he is talkative.

Both are Romans and speak with that heavily accented accent which suggests that the speaker has been hitting the grappa from an early hour. Many more of these sounds will be heard when taking the post-haircut cappuccino and cornetto (ask for "con crema," which is a custard-like sauce in the midst of the pastry) at any of the dozens of bars in the centro storico.

Suitably refreshed, it is time to head for Piazza San Ignazio, a short stroll from Piazza Colonna, where at least five minutes should be spent standing on

the church steps enjoying the theatrical effect of this tiny square. Designed in imitation of a theatre set, anonymous actors spring suddenly into view from around the curved facades of the three delicious, ochre buildings which face you.

Then head for the river, via Piazza della Rotonda, through narrow streets still populated by artisans workshops, together with small antique shops which sit cheek by jowl with garish modern clothing emporia. Though the perfect day would generally avoid any congregation of tourists, it would have to take in the Sistine Chapel. The experts may still be at odds as to whether the techniques used to remove centuries of candle smoke and grime from the ceiling have lent an artificial quality to Michelangelo's masterpieces, but the colours are truly stupendous.

Since perfection is the objective, the ceiling would be viewed both from floor level and close to; unfortunately, the latter perspective was available only to privileged visitors allowed on to the giant scaffolding while the work was in progress. From here, it was possible to marvel at the mastery and boldness of Michelangelo's outlines, and at an artistic achievement rendered all the more miraculous by the realisation that the ceiling actually undulates from one end of the Chapel to another.

By this time, the inner person will be demanding some attention which should be sought at Nino's restaurant in Via Borgognona, near Piazza d'Espagna. Wood panelling gives this gastronomic jewel an atmosphere akin to a French brasserie, but the disarming arrogance of some of its waiters is all Italian. Tuscan dishes are its speciality, and value for money its supreme quality.

A favoured haunt of journalists, actors and the Roman demi monde, Nino offers the best spaghetti alla carbonara in Rome and a peperdella alla legna just like an Italian mother makes. Since excess is to be avoided at lunchtime, the pasta should be followed by stomato di spina with a chopped liver sauce, a deliciously tasty bite which leaves room for "Tiramisu," a sort of Italian trifle made with cheese and coffee. A carafe of the brilliant house red

should be accompanied by a bottle of Italy's best mineral water, Ferrarelle.

Lunch is followed by a gentle walk along the Via del Corso. Here gipsy children armed with large pieces of cardboard should be kept at arms length, for they are the worthy successors to Fagin's band of pickpockets. Pausing to view two splendid Caravaggio in Santa Maria del Popolo in the Piazza del Popolo, the visitor should fall into a taxi and head for one of Rome's least known but most pleasant and wonderfully shaded parks at the Villa Giusti in the Parioli district.

A period of shopping would then be in order or, if the credit card could not take the strain, window shopping. Italian design is magnificent, of clothing and textiles, of ceramics and glass, of shoes and leather goods. All are on gleaming display in the network of streets which run between the Piazza d'Espagna and the Via del Corso. If the prices seem high, in Milan they are higher.

Your early evening thirst could be slaked in the ancient Cafe Greco in Via dei Condotti or at the small bar at the Hotel d'Inghilterra, if you do not mind intruding on the regular private party. It is better, though, to strike out for the west side of the Piazza Navona to the Cafe della Pace in the Piazza della Pace where a good glass of prosecco (an Antinori, say) matches the reviving qualities of a good champagne.

After which the entire day may seem to have been a preparation for the pilgrimage to Piazza Campitelli, on the edge of the old ghetto, where the Vecchia Roma makes available an al fresco dinner of some quality in surroundings mercifully free of much traffic movement. There you can sit reverentially in front of a plate of baked, bread-crumbed cuttle fish and a bottle of Chardonnay from the Veneto.

Rome has no night life to speak of, outside of discotheques and night clubs where unham and middle ladies separate male clients from large amounts of their money. No matter, for a gentle climb to the top of the Campidoglio is sufficient to quicken the pulse and keep high the spirits at the end of a perfect day.

Ah... a lifetime of affairs

IT MUST have rained in the night. If not, it is going to. Thus we present locals eagerly greet the three broody blobs that now and then pop up like cardboard cut-outs on our southern horizon. Here, at their nearest point on the mainland, in my Italian hideaway near the foot of Monte Circeo, I am content that they should lurk behind the filmy haze that usually lies over the 30 miles of Mediterranean between us: it serves to smother the gusts of bitter-sweet nostalgia from Memory Lane, Pozza.

That is the island in the middle, the long one, flanked by two bumps — to the right (the west, that is) Palmarola, to the left, Zannone. Beyond them, half-way to the Bay of Naples, squats the fourth of the Pontines, Ventotene, with its tiny satellite, Santo Stefano.

I have had a lifetime of memorable affairs with Italian islands. In my callow youth I flirted with Capri and Ischia, but even then found their undoubted charms somewhat tarnished because they had to be so widely shared. After an infatuation with rolling, green Etna, I began to form my lasting relationships with the more humble islands that micro-dot Italian waters.

For years I flitted precariously from one to another, always returning, however, to my first love, Pozza, and occasionally to my second string, Giglio. Though each has its own personality, most of these rocky outposts have many blessings in common: unspoiled ruggedness — multi-coloured by centuries of volcanic convulsions, yet softened by a clothing of aromatic bush — secluded coves, translucent clear sea and modest settlements of colour-washed houses that embrace simple, unpretentious facilities that enable visitors to sleep, eat and drink well.

Happily they undergo little change, even though they are invaded in high summer, especially during the traditional August holidays. So they retain a refreshing remoteness, free of high-rise and grand hotels, unexploited by tour operators, little known to foreigners.

Yet they are generously served from the mainland by an extensive network of big, powerful boats and hydrofoils. I once spent a balmy summer night sleeping intermittently on the steel deck of a boat from Naples to Lipari, the largest of the Aeolian Islands. They are much less painfully reached from several ports on their mother island of Sicily, off whose north coast they are

scattered. But my crickled neck and aching back were amply compensated for by the enchantment of swishing quietly into the hushed harbour of Stromboli in the first flush of dawn. The dominating, still-active volcano, its top catching streaks of sunrise, added to the feeling of awe. Panarea, Salina, Vulcano, Filicudi and Alicudi complete this lovely archipelago.

North of Palmarola, Ustica is a blend of green cultivation and volcanic grey. It is now a marine reserve, long since released from its sinister role as a place of exile for opponents of the Fascist regime. One of the western tips of Sicily, the three Eolian islands are served from Trapani. The serenity of these islands has an overlay of that dusty, grave, militarily sinister ambience that many travellers to Sicily find fascinating. But

Alan Ponsford admits to serious flirting — with Italian islands

those to the south, Pantelleria and the two main Pelagian islands of Linosa and Lampedusa, have more of the feeling of nearby North Africa. These are places thought of by knowing Italians as almost sub-tropical retreats. Baked during long summers, their greenery has had to give way in places to stretches resembling the deserts of Libya and Tunisia. After the bombing of Tripoli and Benghazi, Colonel Gaddafi took a few pot-shots at Lampedusa, but missed.

On the call of Italy, the generally meandering Italian coast is relieved by the spur of the Gargano, which is uncharacteristically verdant. The gentle hills are pine-clad and seem to have shed identical pieces to form the Tremetia, reportedly still nearly as tranquil and untouched as I remember them 25 years ago.

Although massive Sardinia hardly qualifies for my collection, I did once make a pass at its little subsidiary of San Pietro, nudging its bottom left-hand corner. In the pleasant resort of Carloforte I booked a two-week family holiday in July. The dividing channel is renowned for an annual migration of tuna, which the local fishermen harvest in huge numbers. But its water was so cold that we retreated to our beloved Pontines for the second week. Pozza has a flavour and a rhythm all its own. Being so

accessible to Rome and other flourishing parts of Lazio, it has had an unobtrusive dash of sophistication and style injected into the customary informality and indifference of the island. Moreover, it boasts a stunning, amphitheatrical port, where most activity is concentrated. Around it rise tiers of flat-topped houses, mostly white and deep rose pink, but some painted in delicate shades of cream, yellow and even blue.

The encircling harbour wall is double-decked, the upper layer a traffic-free, cobbled promenade. To the lower one are tied a mass of associated boats, with the traditional blue and white fishing boats jam-packed among all sizes of visiting sailing yachts and motorised gha palaces.

Boats and rocks are what day-time Pozza is essentially about. The island, five miles long and nowhere more than a few hundred yards wide, has few sandy beaches. But its contorted coastline is beautifully dramatic and subtly coloured. Centuries of explosions, eruptions, lava flows and general battering have left towering white cliffs stained with golden-brown patches encrusted with tufa and magma.

Of a summer's morning, visitors stream out of the hotels in small craft. With their picnic of crusty bread, prosciutto and wine, they make for a favourite inlet, strip of gritty sand or rocky perch, leaving the town virtually deserted by mid-day.

After a long absence I have been back to a Pozza I never knew. Neither the dazzling Chiata di Luna Hotel, its luxury pool nor its superb, delicate cuisine were in our bracket through all those years. The nearest we got was the ancient Romans' tunnel that passes almost beneath the hotel to the long, shingle beach from which it takes its name.

The scene we knew was viewed from one of the plain but adequate rooms of the Mard, above the quay. There we would watch the procession of boats coming home in the late afternoon, when the port is bathed in a radiant pink glow. Now, as then, the labyrinth of alleyways spill out the east of the early evening passeggiata — sun-in-arm, casual-smart and harmlessly posturing, the more so at weekends when the Romans come in force. Few eat dinner in one of the handful of unassuming hotels; in fact, many stay in private homes. They stroll through the pavement and the quayside catching the afternoon hydrofoil.

lands for freshly-landed seafood.

Pozza's neighbour islands are quiet and less visited. Southern run day trips to Favignana, Ustica and Palmarola, with the exception for migratory birds and, on Palmarola, a few recluses who occupy a beehive of caves in summer. The more distant Ventotene is immensely picturesque with a strong Neapolitan influence in its character. Mariners tie up in an ancient Roman port. The island is famous for lentils and, like its diminutive offshoot, Santo Stefano, for the exiles of many ages who made Ventotene their home. Santo Stefano's prison fortress has been abandoned for 25 years.

Among those who know both Pozza and Giglio (pronounced Jee-jo) there are those who prefer the latter. They are more natural, less scenery greened and more low-lying. It is certainly a lovely island, perhaps at its best in May when it is in full bloom with wild gentians, brooms, rosemary and capers.

It, too, has an attractive harbour, a sandy beach fringed by a dusty beach punctuated by restaurants jutting out from the quayside on stilts. Returning last year, I found that the tight restraints on development were still preserving the island's character. The houses, the terracotta buildings and their low-pitched, tiled roofs; white-painted houses are discouraged. Nothing had changed in the Castello, the medieval walled village perched on the seafront cliff.

At the far end of the island, Campese had been allowed to grow a bit around its beach and hotel tower. In this bay a few years ago an Oxford archaeologist named Mansueto found the wreck of a 3,500-year-old Etruscan trading vessel and recovered a wealth of treasures from her. It was reckoned to be the oldest shipwreck ever discovered.

Even in September there were lots of BMWs and Mercedes helping to clog the port and Campese. Germans and Swiss find it easy to drive down to Porto Santo Stefano, 60 miles north of Rome, for the ferry to Giglio, but it remains little spoilt.

Ferries operate to Pozza — a few also to Ventotene — from various mainland ports. In summer there is now a catamaran from the port of Fiumicino, near Rome's main airport. But my favourite route is still by train or bus from central Rome (or taxi from the airport) to Anzio for a launch of pasta and shellfish on the quay before catching the afternoon hydrofoil.

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TRAVEL BUSINESS

They report the level of demand well ahead of last year, itself a buoyant year for Britons holidaying in Italy. Citalia, for example, says it is some 7 per cent up on last year, other operators, including Magic

What has made Italy so popular with Britons this year is that it attracts those consumers who have been less affected by high interest rates and the poll tax. "Those factors have taken away the bottom 20 per cent of the market who traditionally want

But the quality of the holiday is more important than the price for many Britons. Quo Vadis, for example, has completely revamped its Ciso Italy programme to

Just Italy, an offshoot of the established Just France, has 50 properties on offer this summer in its launch brochure, including apartments in castles and villas in Tuscany, Umbria, and on Elba.

David Churchill

All this may sound a bit breathless, but here is how I handled Friday-through-Tuesday effortlessly. Friday: Alitalia from Gatwick to Naples; hired a car and drove to Postano; arrived before lunch and took it easy. Saturday: Postano and Salerno. Sunday: Amalfi and Ravello. Monday: took it easy. Tuesday: Villa Oplontis and Naples. Easy.

Alitalia: return fare, Gatwick-Naples, about \$135-\$150.

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Francesco Columbatini is also working imaginatively to revive traditional Tuscan traditions. Her husband, the Baron, which produces the incomparable Brunello wine just outside Montalcino, in southern Tuscany, stands on a beautiful estate on the side of Monte Amiata, where she has married production of cheeses, hams and salamis in that area.

Visitors seeking an authentic taste of Tuscan culture can take a tour of the local woodland, guided by a professional woodswoman who lectures enthusiastically on local proverbs and songs, as well as on the flora and fauna.

These residents

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The apartments have full self-catering facilities, although many guests prefer to hand this task over to Ros Colley, whose mastery of the art of Tuscan cooking is confirmed by the frequent

Loro itself is quite delightful, with a cool narrow main street, an excellent pizzeria and a bar run by Enzo and Christina, an Italian couple who had spent all their adult lives in Coventry until Enzo decided to return to the family village eight years ago.

Fattoria dei Barbi, tel. 0577-868277, Colle di Trequanda, 0577-682108. Open all year. Four-bed apartment, July-August, L630,000 a week; June and September, L490,000; other months, L440,000. Six beds also available.

John Wyles

TRAVEL - ITALY IN FOCUS

Medieval bounty

FORK LEFT after Turin, our Bolognese friend had said. So we did. Thus, after having threaded a spectacular course among French, Swiss and Italian alpine peaks, we dropped eastwards towards the Dutch-like flatness and bountiful heart of Emilia-Romagna, often fog-shrouded in winter but now shimmering under the May sun.

Bisecting the fertile plain, the autostrada, straight as the Romans' Via Emilia that it parallels, will, if you let it, sweep you right across the thigh of Italy to beach you among the serried ranks of charter flight sun-seekers on Romagna's Adriatic shore at Rimini. Those who aspire to greater things know better than to follow it beyond Bologna, capital of Emilia and of the Italian gastronomic belt.

The hardies of northern Europe who skip the Riviera coast, dashing pell-mell for Tuscany and points south, unknowingly spurn the clutch of handsome, ancient cities punctuating the Via Emilia. They are focused on a profitable land whose combination of medieval character and culinary riches is as revered by its countrymen as it is neglected by others.

For British visitors, Bologna inevitably presents comparisons with their beloved Florence. The overwhelming medieval influence has bequeathed it somewhat fewer individual extravagant buildings and works of art. Yet in its totality it presents an equally impressive - though quite different - beauty and personality.

Well preserved within gridded walls, the city glows with a ruddy-orange, musty finish in street upon street of stone-washed bricks and tiles. They are honeycombed by 21 miles of arcades, formed by more marble porticoes than grace any other city.

This noble architecture lends a certain gravity. Yet, being less discovered than its flamboyant Tuscan neighbour, Bologna's medieval splendour more asserts its local flavour: the genuine, bustling, lived-in and worked-in feeling of a community that has not had to defer to a tourist occupation force. Along those thronged



arcaded pavements, in the atmospheric restaurants, in the elegant modern shops and bars, foreign faces and tongues are refreshingly in the minority.

Nor are the articulate Bolognese elbowed out of the two great adjoining squares, Maggiore and Nettuno, from which their city radiates. There, in the shadows of the cathedral's huge basilica, grand palaces, churches and two leaning towers huddled scrumptiously of men traditionally argue politics in one piazza and football in the other, with a vehemence of mouths, arms and hands.

Spirited self-expression, however, advances and radical left-wing politics are long established in these parts. Bologna's university is the oldest in Europe. The Communists are habitually elected to govern - reputedly more than most cities in the region, which is the most industrious and prosperous in the country.

Most of the splendid sacred buildings, museums, galleries and palaces of Bologna are easily explored on foot. A logical starting point is the church of San Petronio, which presides imperiously over the Piazza Maggiore, though its brick facade stands rather self-consciously half-naked, uncompleted in 600 years.

Pointing yourself in any direction, you will find that all those suave, mellow walls enclose a wealth of treasures: frescoes, sculptures, carvings, furniture and paintings. The National Picture Gallery alone is worth half a day. The display that embraces several centuries of Bologna painting schools is especially notable for the baroque classical works of a local hero, Guido Reni.

Bologna's nickname of *la grassa* (the fat) belies the delicacy and originality of the region's renowned food and cooking. To say that its great strength is pasta inevitably suggests spaghetti. But that is a word missing from a surprising number of menus; indeed, so is the sauce you would most expect to find.

No, it is filled pasta that predominates - sachets, envelopes, squares, rolls, stripes and ribbons, stuffed, wrapped, laced, topped, covered, smothered and sprinkled with herbs, cheeses, meats, cream, olives, walnuts, truffles, vegetables, even poppy-seeds or nettles.

Little tortellini are said to be fashioned in the image of Venus's navel. Ricotta cheese is mixed with herbs to fill the larger tortelloni. Local variations, which abound in the smallest towns and villages, can provide pumpkin stuffing for squares of *tortelli* and dumplings of smoked salmon, asparagus tips and mushrooms to track over green *tagliatelle*.

Faced with the limitations of time and digestive capacity, we settled for the short-cut through the formidable range of Emilia fare - the *more*

Alan Ponsford enjoys eating his way around Bologna

(continued) So, starting our discovery of Bolognese restaurants at Da Nello, recommended by an impeccable native source, we ordered pasta and a variety of small large soups of several varieties.

You could, if you wished, continue this popular play through dinner. The chef will provide you with a selection of his main courses. A wide deli of meat, fish, vegetables, and a small selection of the sausages and other delicacies produced from the second mastery of Emilia Romagna cuisine, the pig.

At the right time of year, *risotto di funghi* (mushrooms) is a must. It is a simple dish, but it is a masterpiece. It is a dish that is loved by all. It is a dish that is loved by all. It is a dish that is loved by all.

Our most enjoyable meal was in the warm, convivial atmosphere of La Filomena in Parma. Its offerings naturally included what we had thought the classic of all cured hams, prosciutto di Parma, each of which is aged for at least a year in one of 250 nearby factories. But it was surpassed by *cassino*, even more tender and delicious, less fatty and a good deal more expensive, a speciality of a few villages in the province of Parma, where it is taken from the prime part of the rump and hung for several years.

Similar aging is required for the huge wheels of the unique *Parmigiano Reggiano*, not to be confused with the cheeses lumped together as "parmesan" and grated over spaghetti.

Parma is a small gem of a city, displaying proudly, particularly in its exquisite cathedral and baptistry, the marvellous transition from 11th and 12th century Romanesque to 15th and 16th century Gothic.

We found this again in the Duomo, a vast, airy and a good deal more expensive, a speciality of a few villages in the province of Parma, where it is taken from the prime part of the rump and hung for several years.

Back in Bologna we marvelled at the wooden 16th century theatre, which has been restored in intricate detail after terrible destruction by bombing in the Second World War.

But it is in the lively Regio Theatre that the city's most demanding and victorious audiences, known for the violence and wit of their responses. They represent a long artistic tradition exemplified by Parma's glorification of its favourite sons, Verdi and Toscanini, and of Correggio and Parmigianino, whose frescoes and other paintings have adorned its churches for centuries.

A CENTURY ago, the danger to travellers in Calabria - that harsh conglomeration of hill and dale which forms the toe of the Italian boot - was often one of bandits. The eccentric Edwardian traveller Crawford Tait Ramages complained of this region that "it is indeed most harassing to be constantly in the expectation of being either robbed or murdered."

Today this is no longer quite the case; and there is little danger to tourists from the fearful *Ndrangheta*. Only Italians - wealthy ones - need fear this Calabrian version of the Sicilian Mafia, whose chief speciality is kidnapping; Calabria is 92 per cent mountain; victims are easily sequestered at the bottom of a ravine or gorge. It happens often enough: the geology of this district is a perfect chaos of rocks and gullies torn by earthquakes and landslides.

Indeed, it happened when I was in Calabria last June. Reading a copy of *Corriere della Sera* over a bottle of Calabrian Cirò, a strong red of high reputation praised by no less than Pico, the Roman scientist-historian, I came across a story about the 30-year-old son of a Lombardian industrialist, kidnapped six months previously by the shores of Lake Como in northern Italy and now found wandering around Calabria's Isola Greconica in a state of shock.

Isola Greconica, Greek Islands: not islands at all, actually, but a derelict assembly of jaggedly perched rock in the mists of the Aspromonte mountains. The inhabitants, originally refugees from Greece and various corners of the Balkans, are reputed to speak a sort of bastard Byzantine-Greek. Few people know the life of the land up there, for the aerial villages are sprawled unmethodically on top of fantastic rocks, teetering over the edge for dear life like so many eagle's nests. Once set free by his *Ndrangheta* captors, the young Lombardian apparently had a hard time finding his way along the twisting mountain paths, the inhabitants speaking to him in Greek dialect.

A little exhilarated by the liquid ruby-red of the Cirò, and by the bizarre newspaper story, I determined to visit the Isola Greconica. My husband, however, was not so good as it should be (when the Italian traveller Norman Douglas visited these villages in 1911, he was delighted to find that he could communicate in "Ancient Byzantine" with his Greek-Italian guide), but no matter: I would be travelling to the rough corner, the Uffine Thule, of all Italy.

The next morning, at 6.50 precisely, I hopped on board a clapped-out minibus (owned by a company calling itself *Principato*, Principedom) in front of Reggio Calabria's main train station. Reggio, capital of Calabria and departure point for Sicily, is a grim and undistinguished city made of shoddy tenements and low buildings, mostly constructed from reinforced concrete.

But it is the ideal, indeed the only,

The boot's tough toe

Ian Thompson explores the rugged region of Calabria

place from which to visit the Isola Greconica, even though there is just the one 6.50am bus which leaves for the "Islands" every day. Try not to be put off by the unseemly hour: you will need an entire day to hike about the Greco-Byzantine heights of the Aspromonte mountains, so rugged is the terrain. And paths to the shores of Lake Como in northern Italy and now found wandering around Calabria's Isola Greconica in a state of shock.

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Southern Italy: a different pace and way of life

but was not in the slightest under-stand. When Edward Lear - one of the very few Englishmen ever to have explored the Isola Greconica - was here in 1847, he seems to have fared rather better on the communication front: the inhabitants of Roccaforte, surprised to see this great bumbling bulk of a man mooching about their village, protested: "Have you no rocks, no towers, no trees in your own country? Are you not rich? Then what are you wish here?" - here, in this place of poverty and incommensurate wealth, the inhabitants of Roccaforte, surprised to see this great bumbling bulk of a man mooching about their village, protested: "Have you no rocks, no towers, no trees in your own country? Are you not rich? Then what are you wish here?" - here, in this place of poverty and incommensurate wealth, the inhabitants of Roccaforte, surprised to see this great bumbling bulk of a man mooching about their village, protested: "Have you no rocks, no towers, no trees in your own country? 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HOW TO SPEND IT

Lucia van der Post looks at garden fashions and furniture and how to enjoy the great outdoors

A greener designer language

IT'S quite amazing what's happened to gardens. Once they were taste-free zones, simple, tranquil areas, where their owners could indulge in the simple pleasures of choosing the plants and trees, the arcs and the colours, confidently secure in the knowledge that where Nature was concerned almost anything went. Alas, for those innocent days. Gardens these days come as heavily laden with life-style messages as any designer outfit or subtly chosen interior. What you grow, it seems, says much about what you are.

Just as the designer movement swept through the kitchens of this country, leaving little fans of duck breast and croissants hanging out in its wake, so it increasingly looks set to change the face of gardens throughout the land. Out have gone the little brick-built herbaceous, the dusty petioles, the formal hedges and the brightly-coloured plastic furniture - in have

come the camomile lawns, the wild flower meadows, the laburnum walks, the knot gardens and the slightly faded antique pieces. And gardening itself seems set to take over from cooking as the new optimum of the design-led generation.

The impact now attached to it all may be slightly daunting to those of us used to regarding our little patches in a more nonchalant kind of way but the good news is that these days gardening and anything relating to it is regarded as big business. This means that the choice today for those wishing to dig, plant or furnish their garden is infinitely greater.

Those whose tastes run to the grand and the old will find that prices have risen to keep pace with its popularity. Many antique shops often have old pieces of garden furniture and Sotheby's each summer has one or two sales of stately and garden furniture out of its West Sussex auction rooms (at Summers Place, Bil-

linghurst). This year you could chase after a sundial, a tree-seat, or maybe an intricate nasturtium-patterned cast-iron seat is more your style. The sale happens on May 30 and 31st.

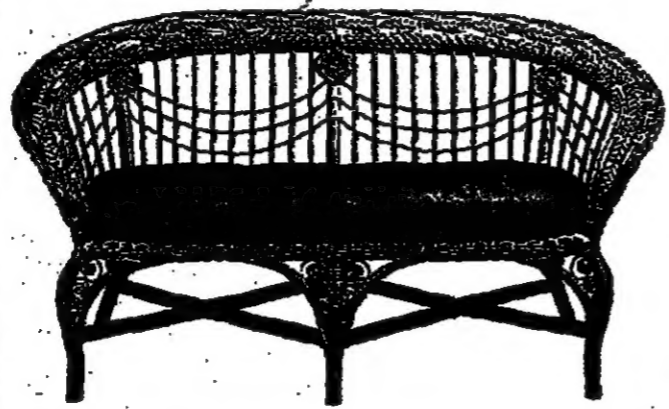
Those whose tastes and purses run to the less grand will also find that there is plenty to choose from. Just as almost every florist these days offers a choice of simple garden flowers with gently coloured leaves and foliage, so high street stores like Marks & Spencer and Laura Ashley purvey the sort of simple wicker pieces which would sit harmoniously in the most modest patch. Featured here are just some of the available choices.

P.S. For those who like to keep abreast of trends the latest horticultural arena to be explored is, I hear, the heavily-scented, lushly rich Islamic-style garden. How this is expected to flourish in non-Islamic weather I'm not quite sure but there, for what it's worth, you have it.

REGULAR visitors to The South Bank Craft Shop & Gallery in the main foyer of the Royal Festival Hall will by now know that throughout the year it keeps up a lively standard of selling exhibitions of all sorts. Very often they are topical - presents at Christmas-time, Easter gifts at Easter and so on. As it's now May we have everything for the verdant outdoors and the bowerly summer house. All the work is, of course, individual and hand-made, so do not go expecting production line standardisation. What you will find here are exotic and innovative crafts - from Guy Holder's giant All-Baba urns to iguana coat racks made from sycamore wood. There are baskets to be filled with flowers, textiles lush with garden scenes and as well as

ceramics awash with flora of every hue and kind. Photographed here, left, is one of Julianne Doophin-Wilding's huge high-backed driftwood garden seats - about £400. There is a collection of seats on a similar theme as well as matching tables.

Photographed below is part of a new range of rattan furniture from Laura Ashley. Last year Laura Ashley featured a splendidly sturdy collection of hand-made rattan furniture called Edward Rattan - it seems to me ideal for the indoor conservatory life. Josephine, photographed here, is less sturdy and more classically decorative. The Josephine sofa is £245 with the seat cushion, available from all Laura Ashley Home departments as well as by mail order through the catalogue.



Those visiting the Chelsea Flower Show next week might like to look in on a shop which is doing nearby - Jubilee House at 70 Cadogan Place, London SW3 - where the whole shop will be turned over to flower-related antiques. Val Cridland who runs The English Room, Chelsea Orders and Brompton

Antiques are three antique specialists who will be contributing their floral wares - look out for old brass, antique urns, plates and porcelain: anything small, pretty and precious that has a horticultural reference. The wares on this theme will be available until June 22 and the shop is open from 10am to 5pm, Monday to Friday.

THOSE of you blessed with perfect sight or else so young that your eyes still seem perfectly long enough can turn the page to other more relevant topics. Those legends who cannot read the printed page or drive or see their nearest and dearest across the table without some form of help might like to know that help comes in ever more sophisticated forms.

For those who wear contact lenses there are two fairly recent developments that they might like to know about. Firstly there is now a multi-focus lens. Of special interest to those who are suddenly taking glasses on and off, putting them on for near vision and taking them off for things further off, the multi-focus lens gives good vision at every point.

Developed by Nissel of Hensel Hensel this lens has been a long time coming. According to Nissel, the technology has been very hard to get right - the bifocal lenses that have been available have often caused a sensation for near and far vision and in addition they were difficult to keep in position. Nissel claims that its multi-focus lens is the first



lens to give the whole range of vision from near through intermediate to distance. Not being a contact lens wearer myself I haven't been able to try them out but I've spoken to some who have - they all claim they have made their lives so much easier. No more fiddling round in handbags trying to get out glasses to read a menu, no more problems with looking up from workscreens to talk

to people, no more need to grapple with several pairs of glasses.

Ann Silk, an optician who specialises in advice and fitting of contact lenses finds that they seem to work a treat with that growing band of people who first came to her as young, healthy myopes and are now becoming presbyopic (i.e. having the trouble with their near vision in early middle-age). "I'm also finding," she says, "that more and more 45- to 60-year-olds are wanting them purely as an alternative form of visual correction. They do give very natural vision. They mean that whatever it is the wearer is looking at it, is always in focus."

The lenses aren't cheap. They cost between £250 and £300 a pair and care should be taken to go only to an

optician with a contact lens qualification.

Disposable lenses are another development that not everybody may be aware of. Although they have been around for about two years they are only now beginning to be widely marketed. Invented by a Dutch company, they glory in the name Acuvue and for all those myopes who are careless, messy and disorganised it means losing them isn't an expensive disaster - you simply reach into the cupboard for the next lot. In addition, Acuvue lenses are available in a range of colours and a pill which you simply put in a container with the lenses.

According to an optician who specialises in fitting lenses, when they are suitable they work well - provided your prescription is correct. Professional advice is essential.

well. Normally three months supply is bought at a time and, to give an idea of the costs involved, Four Eyes, for instance, charges £75 for a three-month supply, including the solutions. Each set lasts a fortnight. They do need cleaning at night but the process is much simpler than with standard lenses - you have a tin of saline solution and a pill which you simply put in a container with the lenses.

According to an optician who specialises in fitting lenses, when they are suitable they work well - provided your prescription is correct. Professional advice is essential.



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Not specifically designed with gardens in mind but part of a range of furniture developed by Remote Trading, a company founded to import Thai antiques and to use Far Eastern craft skills to

make high quality furniture, this solid steel chair has an elegance and a durability well-suited to the outdoor life. £260 from Remote Trading, Unit 4, Mercury Works, 4 Leysfield Road, London W12 9JF.

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FT

IF YOU do not already take *Bridge Plus*, I can recommend this monthly magazine to you with confidence. For details apply to Mr Bridge Ltd, Ryden Grange, Bisle, Surrey GU21 2TH. My first hand, discussed in this magazine, comes from Mixed Pairs.

N
♠ Q J 3
♥ K 2
♦ K Q 9 8 6
♣ A Q 5 2

W
♠ 10 9 7 4 3 2
♥ 10 5 4
♦ 9 7 4
♣ 10 8 3

E
♠ 6
♥ Q 9 6
♦ A J 10 5 4
♣ 8

S
♠ K 9 5
♥ A 8 7 3
♦ 7 3
♣ K J 6

East dealt with East-West vulnerable and South opened with one heart. North said two diamonds, South rebid two hearts and North said three clubs, for

BRIDGE

cing and South ended the auction with three no trumps. West led a spade and with hearts lying favourably, South had no difficulty in making two overtricks - plus 460. A flat board, thought declarer, but he was wrong. It was worth 85 per cent. How did that happen? At many tables North had forced with three diamonds in answer to the opener's one heart. When South could only rebid three hearts, North was in a dilemma. He did not know whether to bid no trumps, to try for higher things by bidding four clubs, or to settle for four hearts, which is what he did. The result was disaster, because the defence found a crossruff in spades and diamonds to beat the game.

The lesson taught in this hand is that you do not force just because you've got 16 or

more points when your partner has opened the bidding. You must force only if you have either a good fit with your partner's suit, or a self-supporting suit of your own. You must know where you are going. My second hand comes from *Five At Bridge In Thirty Days* by David Bird (Faber, £2.95).

N
♠ J 7 3
♥ K Q 7 2
♦ A 2
♣ K Q 4

W
♠ 9 8 2
♥ 6 5
♦ K J 8 7 4
♣ A 9 3

E
♠ Q 10 8 5
♥ J 10 8 5 4
♦ Q 10
♣ 7 6

S
♠ A K 4
♥ A 5
♦ 9 8 5 3
♣ J 10 8 5

Each "day" consists of two pages of play and two pages of bidding. The hand above is from *Five At Bridge In Thirty Days* and teaches us Blocking the Defenders' Suit. North deals at love all and bids

Quite a fascinating book.

E. P. C. Cotter

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SPORT

The English are coming

Philip Coggan on soccer crowd behaviour

HERE we go again. Another international soccer tournament and the central issue is not so much whether the English, Scottish or Irish fans are good enough to win (they aren't) but whether the English fans are likely to behave themselves.

Colin Moynihan, the Sports Minister, keeps flying to Italy in an effort to persuade the World Cup hosts to close their bars and lock up their daughters while the English supporters are in Sardinia. No one seems to find this a national humiliation; no one seems to contemplate how the British would react if, say, London had to close all its bars because of the drunken behaviour of Japanese tourists.

The debate about soccer violence has now settled into two schools. The first argues that it is a problem not unique to football, but a function of violence in society. Such violence is as old as man himself, and any measure to curb it depends on economic and political change rather than any alteration in the structure of the game.

The second school, which received a lot of backing from Lord Justice Taylor's report on the Hillsborough disaster, is that football has paid too little attention to the needs and comforts of spectators. Give them seats, give them adequate facilities, consult them about things that matter — and their behaviour will improve.

Two of the problems of that school of thought, which I am inclined to support, were brought home to me this week. Attending last Saturday's cup final proved as strenuous as a Jane Fonda workout, since every time the ball approached the goal, spectators in front of me stood up to get a better view. In consequence I was forced to stand up, as were the people behind me, and so on to the back row. By extra time, merely standing did not suffice and the crowd resorted to standing on their seats. The match proved extremely uncomfortable to watch, in spite of the facilities provided by the stadium owners.

Then, on Wednesday night, Newcastle supporters invaded the pitch in the course of defeat against Sunderland. That invasion would not have been possible if fences had been installed but such barriers have been removed on grounds of safety and because supporters objected to being caged like animals.

Even if the second school is right, it will take time for the "civilising influence" of superior ground conditions to have their effect on the trouble-causing football supporter. The question is whether, in the interim, English fans

should be unleashed on other countries. It must be obvious to everyone by now that the problem of soccer violence is not confined to the UK. One only needs to cite the ethnically-inspired trouble in Yugoslavia last week and the bomb-throwing that occurred at a Dutch match earlier this season.

However, it does not follow that English clubs should be allowed back into European competitions on the grounds that all supporters are as bad as each other. It is clear that, such is the reputation of English fans, that they are emulated by youths in other countries. Beating up an Englishman has become a universal symbol of virility.

Thus the presence of English football supporters, even if peacefully inclined, acts as a catalyst for trouble. And the peacefulness of their inclinations must be gravely in doubt, judging by the "England invasion Italy" T-shirts currently on sale.

Of course, some of the expectation of violence is media hype and some of that hype can be self-fulfilling, but it would be unwise to overstate the point. A tabloid article which announced that, say, Libyans were expected to run such a long upward track as the inviolable to see its prophesy justified. No one forces people to riot.

The answer, sadly, is that there is no answer, only a pious hope of a gradual change in attitudes among young British males. In the meantime, English clubs should be kept at home and I expect that, following the World Cup, they will be.

As for the footballing expectations of the British Isles countries in the World Cup (incidentally, do the Irish get irritated when the British count them as one of the home nations?), the recent cup matches have provided little comfort.

It is true that England have constructed a 17 match unbeaten run, with the help of a somewhat fortuitous 1-0 victory over Denmark on Tuesday. But such market aficionados will recognise such a long upward track as the inviolable prelude to a downturn, and possibly a crash. After all, Bobby Robson's side had constructed a similarly impressive streak in the run up to the European Championships of 1988, where they promptly lost every game they played.

There must be doubt whether England can qualify from their group. The Netherlands appear to be a far superior side and must be one of the favourites to win the Cup. The game against Ireland is the equivalent of playing Wimbledon in the League, a match which England should be in theory



With men like this why should England worry?

win but will scarcely relish. A draw seems highly likely.

That leaves Egypt and anyone who saw their demolition of Scotland this week will realise that they will be no pushovers. In the circumstances, England might do well to get three points from their group matches, leaving them perhaps to qualify as one of the best third-placed teams. It is not impossible that both England and Ireland will be eliminated.

As for Scotland, they were truly dreadful against Egypt on Wednesday. But personally that may not be a bad thing. The traditional pattern is for Scotland to be vastly inflated before a tournament and then bitterly disappointed at the team's results. This time, Scotland will start as clear underdogs against two of their first round opponents, Brazil and Sweden, and that

might just spur them to success. Mo Johnston might cause a few problems for international defences.

But who will actually win the tournament? Historical evidence overwhelmingly points to a European side lifting the trophy — thus only teams to win outside its continent was Brazil (in Sweden) in 1958. It would take a brave man to bet against the hosts, Italy. Their club sides have dominated the European competitions this season, albeit with the help of foreign players.

As I have already said, Holland are also likely challengers but my gut feeling is that West Germany will win, to neatly coincide with German monetary union in July. The Germans have a relatively easy group — Colombia, the United Arab Emirates and Yugoslavia — and they tend to get stronger as the tournament progresses.

Cricket

Red Rose blooms

LANCASHIRE have not won the county championship outright since 1984. They shared it with Surrey in 1950, which added a touch of north/south plume to the frustration of having to share the honours. The last time they had won through a lot of hard times since, a lot of darkness and dampness. Everyone in Lancashire is determined to bring the championship back to Old Trafford, where it belongs, this year. It is long overdue.

Lancashire's sensational 663 for 9 declared in response to Surrey's match-killing marathon of 707 for 9 declared in the county match at the Oval must have been particularly satisfying and carried within it a warning to all ambitious rivals, not least Surrey.

Who are the main rivals? I asked Lancashire's captain, David Hughes. Not surprisingly, he puts Worcester in the top slot, Essex in second place. "You always have to beware Essex in August," he says. "Derbyshire are unpredictable and under-rated, with enough speed to make dire trouble if fortune favours them. But Lancashire are better under pressure than they were last year and we're better against bloodthirsty enemies."

They have not been under really heavy pressure this season but one cannot doubt their stamina. Being a Lancashire lad, born in Cheshire, all Neil Farnham's said after his record-breaking 366 at the Oval was that his feet were sore and he was tired. It is a tiring business, batting for 8 hours 20 minutes with no chance of winning the match.

I asked Hughes whether he thought his club had a nascent streak which made it happen when the going was rough, preferably in the dark. Hughes played in pitch darkness a torment perfectly suited to Old Trafford. The brilliant, point-blank, blindingly bright, and Hughes has been there 10 days ago, featuring Lancashire and Hampshire, seemed made to measure.

Hughes had other ideas. His appointment as captain in 1987 lifted Lancashire from 11 dismal years at the bottom end of the county table up to second place, then after a mediocre 1988 to a good fourth place last year and victory in the Refuge Assurance League. He liked the job and the players were

fitter and keener with a transfusion of young talent last year. Westin Akram and Philip DeFreitas enormously strengthened the club's all-round aggression, as does Atherton with his batting and also, if all goes well, with his demonic spin bowling.

Cricketers tend not to like talking about the future. It is shrouded in an apocalyptic aura which makes it a vital but uncomfortable preoccupation. Hughes talked about it briefly and optimistically. Like most Lancastrians, he regards Lancashire's leagues as the key to its future success. League clubs do the talent spotting and teaching that schools used to do.

Lancashire County Cricket Club has won good support and sponsorship for its Youth Cricket Council. Promising young cricketers such as Mike Crawley, who excelled himself as captain of the Combined Universities against Lancashire in the Mayday Benson

Teresa McLean meets an ambitious captain with nice legs

and Hedges game at Farners, are grabbed at first sight for encouragement and tuition. The leagues are involved in everything. The north would have no cricketing future without them.

I thought I could sense just a whiff of the north/south tension which used to be such a feature of northern cricket, but Hughes dismissed any such tension as a thing of the past. He then said he thought the selectors were sometimes biased against the north. But he was not in the mood to talk about it. He said he was in the mood to talk about it in a similar cryptic style, on paper created with a splendid red rose, to express approval of any plan "favouring the north with some publicity."

I sat next to two friendly Liverpools at the Farners match who gave me a wealth of inside information and tips so that if I did favour the north with some publicity it would be good fun. With Hughes as captain, Lancashire are seriously ambitious, but

there is plenty of good humour. At Farners the older and longer-standing players such as Paul Allott and Graeme Fowler were extravagantly cheerful.

Lancashire has a full-blooded team spirit, which arises from devoted followers like two companions from Liverpool. They favoured me with one detail in the proper light-hearted mood: the only reason Hughes joined the parade walking around the boundary in shorts, waiting to bat in sweltering heat, was that he knew he had worn well for his age. He has got nice legs. He looks very fit and is willing to train as hard as it takes to get to the top. He reckons the three priorities in modern cricket are fitness, the good fielding it helps to produce and, above all, a balanced attack.

Lancashire's spin for a balanced attack? Plenty of spin, backed by fast-medium and medium paced bowling, led by Allott and Akram, but there is no longer the benefit of Jack Simmons' long experience to lead novice spinners Fittion and Solley through a hot summer on the county circuit.

Does everything rest with Atherton? Or might Hughes help out with more of the leg spin that launched him on his first class career? He smiled. "You never know." His aim is to be a cricketer. It will be surprising to see what the joint efforts of Atherton, Hughes and the team overseas can come up with this summer. The last thing Lancashire want is another summer of almost-but-not-quite being the talk of the county that disappoints its fans.

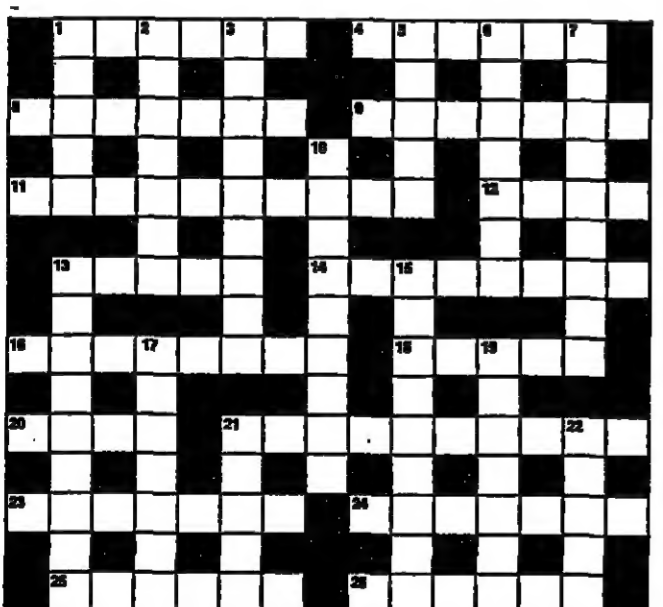
Hughes is a Lancashire nationalist. He loves captaining his county and regards it as a great honour. His favourite ground is Old Trafford, secretary where he is full of Lancastrian and Lords, where Lancashire usually do well. More than anything else, he would like to lead Lancashire at Lords to win a one-day final.

If Lancashire win the county championship, Hughes thinks they might be able to think of retiring in triumph. He will go on until he is forced to stop. "There is no finer occupation than playing professional cricket. I would do the same again if I had my time again."

CROSSWORD

No. 7242 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday May 30, marked Crossword 7242 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday June 2.



- ACROSS**
- Dead soil produces famine (5)
 - Chiff's humbug? (5)
 - Bearing left in terminal? (7)
 - Just a brown boy, say? (7)
 - Used on watch (5-4)
 - Standard policy? (4)
 - Not the craft for the turbulent ocean (5)
 - Change to pure wool (8)
 - Year in Arsenal, perhaps, as one concerned with division (4)
 - Even leaves (5)
 - Changes with iron points (4)
 - Offering from congregation (10)
 - The Red Queen in a star role (7)
 - Some start to meddle with machinery something awful (7)
 - Year round motorway in jog (6)
 - Supporter of half-day closing? (6)

- DOWN**
- Doctor, I have got shorter from overwork (5)
 - Instrument of those off-park canny? (7)
 - Langour of residents on the move (7)
 - One held by fat landowner (5)
 - Turning point for mechanics? (7)
 - Fawns round everyone with portable weapons (5-4)
 - A number, we hear, in Venice (9)
 - Edward, father or priest? (9)
 - Seize property from quarters on Queen St, perhaps (9)

Solution and winners of Puzzle No. 7231

ACROSS

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TELEVISION & RADIO

SATURDAY

Television programmes in black and white

BBC1

7.25 am *Playboys*, 7.50 *The Muppet Babies*, 8.25 *The Muppet Show*, 8.50 *The Muppet Show*, 9.15 *The Muppet Show*, 9.40 *The Muppet Show*, 10.05 *The Muppet Show*, 10.30 *The Muppet Show*, 10.55 *The Muppet Show*, 11.20 *The Muppet Show*, 11.45 *The Muppet Show*, 12.10 *The Muppet Show*, 12.35 *The Muppet Show*, 1.00 *The Muppet Show*, 1.25 *The Muppet Show*, 1.50 *The Muppet Show*, 2.15 *The Muppet Show*, 2.40 *The Muppet Show*, 3.05 *The Muppet Show*, 3.30 *The Muppet Show*, 3.55 *The Muppet Show*, 4.20 *The Muppet Show*, 4.45 *The Muppet Show*, 5.10 *The Muppet Show*, 5.35 *The Muppet Show*, 6.00 *The Muppet Show*, 6.25 *The Muppet Show*, 6.50 *The Muppet Show*, 7.15 *The Muppet Show*, 7.40 *The Muppet Show*, 8.05 *The Muppet Show*, 8.30 *The Muppet Show*, 8.55 *The Muppet Show*, 9.20 *The Muppet Show*, 9.45 *The Muppet Show*, 10.10 *The Muppet Show*, 10.35 *The Muppet Show*, 11.00 *The Muppet Show*, 11.25 *The Muppet Show*, 11.50 *The Muppet Show*, 12.15 *The Muppet Show*, 12.40 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